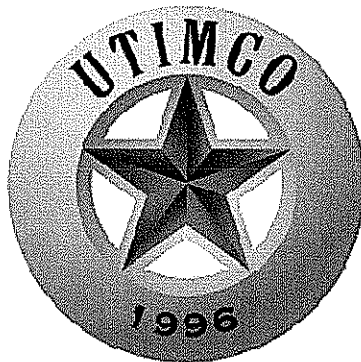


***The University of Texas Investment
Management Company***



Presentation Materials

Board of Directors Meeting

November 8, 2011

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
November 8, 2011**

UTIMCO
401 Congress Ave., Ste. 2800
Austin, Texas 78701

Time	Item #	Agenda Item
Begin	End	
9:15 a.m.	9:25 a.m.	1 Call to Order/Discussion and Appropriate Action related to Minutes of the Meeting held on October 13, 2011*
9:25 a.m.	10:00 a.m.	2 Executive Session: Pursuant to Section 551.074, <i>Texas Government Code</i> , the Board of Directors will convene in Executive Session to Consider Individual Personnel Compensation Matters including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2011. Reconvene into Open Session Consideration of Compensation Committee Report: <ul style="list-style-type: none"> - Discussion and Appropriate Action related to Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program for the 2011/2012 Performance Period* - Discussion and Appropriate Action related to Amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group)* - Discussion and Appropriate Action related to Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2011*
10:00 a.m.	10:15 a.m.	3 Report on and Discussion and Appropriate Action related to Items from Audit and Ethics Committee*
10:15 a.m.	10:30 a.m.	4 Report from Risk Committee
10:30 a.m.	11:00 a.m.	5 Report from Emerging Market Task Force
11:00 a.m.	12:00 p.m.	Recess for Briefing Session pursuant to Texas Education Code Section 66.08 (h)(2) related to Investments
12:00 p.m.	12:30 p.m.	Lunch
12:30 p.m.	1:30 p.m.	Briefing Session pursuant to Texas Education Code Section 66.08 (h)(2) related to Investments
1:30 p.m.	2:45 p.m.	6 Portfolio Update by Investment Teams <ul style="list-style-type: none"> - Natural Resources - Public Markets - Less Correlated and Constrained - Private Markets - Real Estate
2:45 p.m.	3:15 p.m.	7 Discussion of Investment Environment and Opportunities
3:15 p.m.	3:30 p.m.	8 Report on Special Purpose Entities
3:30 p.m.	3:45 p.m.	9 UTIMCO Organization Update
3:45 p.m.	3:50 p.m.	10 Report on 2012 Meeting Dates
3:50 p.m.	4:30 p.m.	11 Diligent Boardbook Training
4:30 p.m.		Adjourn

* Action by resolution required

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: February 2, 2012

Tab 1

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on **October 13, 2011**, be, and are hereby, approved.

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting on **October 13, 2011**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Paul Foster, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Board:

Paul Foster, Chairman
J. Philip Ferguson, Vice Chairman
Kyle Bass
Printice L. Gary
R. Steven Hicks
Ardon E. Moore
Charles W. Tate
James P. Wilson

Accordingly, a majority and quorum of the Board was in attendance. Also attending the meeting were members of The University of Texas System Board of Regents ("UT System Board"), Regent Robert L. Stillwell and Student Regent John Davis Rutkauskas. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Mark Warner, Managing Director - Natural Resources Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; Terry Hull, Charlie Chaffin, Roger Starkey, Moshmee Kalamkar and Miles Ragland of The University of Texas System (UT System) Administration; Greg Anderson of The Texas A&M University System and Joel Sauer of Hayman Capital Management LP. Dr. Francisco G. Cigarroa joined the meeting later as noted in the minutes. Mr. Foster called the meeting to order at 2:08 p.m.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on July 14, 2011, and the Joint Meeting with the UT System Board held on August 15, 2011. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the meetings of the Board of Directors held on **July 14, 2011**, and the Joint Meeting with the Board of Regents of The University of Texas System held on **August 15, 2011**, be, and are hereby, approved.

Endowment and Operating Funds Update

Mr. Foster asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman presented the Corporation's Performance Summary as of the Fiscal Year End, August 31, 2011. He reported the Corporation had \$26.7 billion of assets under management at the end of August 31, 2011. Of the \$26.7 billion, \$12.7 billion was in the Permanent University Fund ("PUF"), \$7.0 billion in the The University of Texas System General Endowment Fund ("GEF"), \$2.2 billion in the The University of Texas System Short Term Fund ("STF") and Debt Proceeds Fund and \$4.7 billion in the The University of Texas System Intermediate Term Fund ("ITF") (collectively, "the Funds"). Mr. Zimmerman presented actual versus benchmark results, tactical asset allocation, and value-add analysis. The net performance for the quarter ended August 31, 2011, for the PUF was -2.70% and for the GEF was -2.67%, versus benchmark returns of -3.54% each for the PUF and GEF. The net performance for the one year ended August 31, 2011, for the PUF was 14.62% and for the GEF was 14.74%, versus benchmark returns of 12.0% for each fund. The ITF's performance was -2.25% versus its benchmark return of -2.85% for the quarter ended August 31, 2011, and 11.39% versus its benchmark return of 9.06% for the one year ended August 31, 2011. Performance for the STF and Debt Proceeds Fund was 0.04% versus 0.02% for its benchmark return for the quarter ended August 31, 2011, and the STF was 0.22% versus a benchmark return of 0.15% for the one year ended August 31, 2011. Mr. Zimmerman reviewed the Funds' Asset Class and Investment Type targets, ranges and performance objectives. Mr. Zimmerman reported on investment activity as of August 31, 2011, and asked Ms. Iberg to discuss manager exposure reporting – derivative transactions. Mr. Zimmerman and Ms. Iberg explained a new section reporting specifically on derivatives and counterparties. Mr. Zimmerman asked Dr. Yoeli to review the section on risk analytics and stress testing. Dr. Cigarroa joined the meeting at this time. Mr. Zimmerman continued by discussing the portfolio level of leverage and LCC leverage and gave an update on liquidity, contracts and the ITF. Mr. Zimmerman, Ms. Iberg and Dr. Yoeli answered the Directors' questions.

There being no further business to come before the Board, the meeting was adjourned at approximately 3:33 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company

Tab 2

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Consideration of Compensation Committee Report: Discussion and Appropriate Action related to Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program for the 2011/2012 Performance Period; Discussion and Appropriate Action related to Amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group); and Discussion and Appropriate Action related to Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2011

Developed By: Zimmerman, Gonzalez, Moeller

Presented By: Ferguson

Type of Item: Action Item; Action Required by UTIMCO Board

Description: The Compensation Committee (the "Committee") met on September 28, 2011 and will meet on November 3, 2011 and November 8, 2011. At its meeting on September 28, 2011, the Committee (1) approved the minutes of the July 14, 2011 meeting; (2) approved the Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program "Plan" for the 2011/2012 Performance Period; (3) approved the Plan Participants' Qualitative Performance Goals (other than for the CEO) for the 2011/2012 Performance Period; and (4) engaged Deloitte & Touche LLP to perform agreed upon procedure services.

At its November 3rd meeting, the Committee will consider and take appropriate action related to Amendments to Appendix B of the Plan (UTIMCO Peer Group). The Committee will also convene in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters related to the Performance Incentive Awards for the Plan Participants and. At its November 8th meeting, the Committee will consider and take appropriate action related to the Personnel Performance Incentive Awards for the Performance Period ended June 30, 2011.

Discussion: Approval is required by the UTIMCO Board related to the designation of Employees in Eligible Positions for the 2011/2012 Performance Period. Eligible Positions, as defined in Section 5.3. of the Plan include senior management, investment staff, and other key positions as designated by the CEO and approved by the UTIMCO Board. Section 5.3. of the Plan provides that in order for an employee of UTIMCO to become a Participant in the Plan for a Performance Period, the employee must be (1) employed by UTIMCO in an employment position that is designated as an Eligible Position for the Performance Period and (2) be selected by the UTIMCO Board as eligible to participate in the performance incentive award opportunity available under the Plan. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Performance Period. Similarly, an employee eligible to participate in one Performance Period is not automatically eligible to participate in any subsequent Performance Period. The UTIMCO Board in its discretion may also designate the employment position of a newly hired or promoted employee as an Eligible Position. The designation of Plan Participants in Eligible Positions in the 2011/2012 Performance Period is included Exhibit 1.

The Committee will take appropriate action and make its recommendation to the UTIMCO Board related to the UTIMCO Peer Group. The UTIMCO Peer Group is updated annually by Cambridge Associates, the Board's external investment advisor, at the beginning of each Performance Period, and Appendix B is updated accordingly. The UTIMCO Peer Group set forth in Appendix B of the Plan is a peer group of endowment funds maintained by the Board's external investment advisor that is composed of all endowment funds with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, determined as of the last day of each of the three immediately preceding Performance Periods, excluding the Total Endowment Assets (PUF and GEF). The Plan Universe for 2011/2012 that has been provided by Cambridge Associates will be used as the UTIMCO Peer Group for Appendix B of the Plan. The UTIMCO Peer Group for the Performance Period ending June 2012 incorporates June 2009, 2010, and 2011. The UTIMCO Peer Group may potentially be used as one of a Participant's Qualitative Performance Goals to measure performance relative to the Peer Group. Approval of the UTIMCO Peer Group is also required by the UTIMCO Board. Cambridge has recommended the addition of two institutions to the Peer Group, UNC Management Company and University of Southern California, which brings the total Peer Group to twenty-one endowment funds.

The Committee will take appropriate action and make its recommendation to the UTIMCO Board related to the Performance Incentive Awards under the Plan for all Eligible Employees. Performance Incentive Awards in the Plan for the 2010/2011 Performance Period are calculated for each Participant based on the percentage achieved of each Performance Goal, taking into account the weightings for the Participant's Entity Performance, Asset Class/Investment Type Performance, and Individual Performance Goals. Action is required by the UTIMCO Board related to the Performance Incentive Awards.

UTIMCO staff will forward supporting materials to the Committee members for Executive Session discussion.

Recommendation: The Committee will recommend appropriate action related to the designation of Employees in Eligible Positions for the 2011/2012 Performance Period, the UTIMCO Peer Group for the Plan for the 2011/2012 Performance Period, and the 2010/2011

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Performance Incentive Awards, including the 2010/2011 Performance Incentive Award proposed for the CEO of UTIMCO.

Reference: Exhibit 1 Designation of Plan Participants in Eligible Positions in the 2011/2012 Performance Period
Certification of 2012 Compensation Plan Universe memorandum from Cambridge Associates

**RESOLUTION RELATED TO
2011/2012 PARTICIPANTS IN
UTIMCO COMPENSATION PROGRAM**

WHEREAS, Section 5.3.(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "Board") as an "Eligible Position" for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the individuals who may become Participants for the 2011/2012 Performance Period set forth on Exhibit 1 attached hereto; and

WHEREAS, the UTIMCO Board has reviewed Exhibit 1 and wishes to select the individuals who may become Participants for the 2011/2012 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that, except as otherwise noted on Exhibit 1, the individuals set forth on Exhibit 1 attached hereto are hereby designated as "Participants" in the Plan for the 2011/2012 Performance Period, effective as of July 1, 2011.

**RESOLUTION RELATED TO
PEER GROUP**

WHEREAS, Section 8.14. of the UTIMCO Compensation Program (the "Plan") provides that the "Peer Group" will be updated annually at the beginning of each Performance Period, and Appendix B (UTIMCO Peer Group) will be amended accordingly; and

WHEREAS, Section 7.2. of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Board wishes to amend Appendix B to conform to the updated Peer Group.

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2011.

**RESOLUTION RELATED TO THE
CEO'S 2010/2011 PERFORMANCE INCENTIVE AWARD**

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 Incentive Award" of the CEO based upon a determination of the level of achievement of the CEO with respect to his or her "Performance Goals" for such Performance Period; and

WHEREAS, the Compensation Committee has reviewed and approved the actual performance of the CEO during the 2010/2011 Performance Period and has submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the actual performance of the CEO during the 2010/2011 Performance Period and has compared such actual performance relative to each Performance Goal category for the CEO against his corresponding Performance Goal for such Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award for the 2010/2011 Performance Period in the amount of \$_____ and be it

FURTHER RESOLVED, that of the CEO's \$_____ Performance Incentive Award for the 2010/2011 Performance Period, 50% (\$_____) will be deferred pursuant to the Plan.

**RESOLUTION RELATED TO
2010/2011 PERFORMANCE INCENTIVE AWARDS**

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (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 Incentive Award" of each Participant based upon a determination of the level of achievement of such Participant against his or her "Performance Goals" 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 2010/2011 Performance Period of his or her Performance Incentive Goals 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 Goals for a Performance Period, a Performance Incentive 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 Incentive 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 Incentive Awards for all Participants who have met or exceeded their performance benchmarks for the 2010/2011 Performance Period, made changes it deemed appropriate, approved such Performance Incentive Awards, and recommended that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Performance Incentive Awards for all Participants for the 2010/2011 Performance Period (excluding the CEO) in the total aggregate amount of \$_____ and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2010/2011 Performance Period (excluding the CEO), ____% (\$_____) will be deferred pursuant to the Plan.

Exhibit 1
Designation of Plan Participants in Eligible Positions
in the 2011/2012 Performance Period

ELIGIBLE POSITION	PARTICIPANTS
<i>Investment Professionals</i>	
CEO & Chief Investment Officer	Bruce Zimmerman
President and Deputy CIO	Cathy Iberg
Managing Director - Private Investments	Lindel Eakman
Managing Director - Investments	Mark Warner
Senior Director - Investments	Mark Shoberg
Senior Director - Investments	Ryan Ruebsahm
Senior Director - Investments	Susan Chen
Senior Director - Risk Management	Uzi Yoeli
Senior Portfolio Manager	Russ Kampfe
Portfolio Manager	Harland Doak
Director - Investments	Zac McCarroll
Senior Associate - Investments	Courtney Powers
Senior Associate - Investments	Edward Lewis*
Senior Associate - Investments	Amanda Hopper
Senior Associate - Private Investments	Scott Bigham
Senior Associate - Private Investments	Mike McClure
Senior Associate - Risk Management	Kate Wagner
Senior Analyst - Investments	Alison Hermann
Senior Analyst - Investments	Mukund Joshi
Senior Analyst - Investments	Daniel Senneff
Senior Analyst - Investments	Lara Jeremko
Analyst - Investments	Adam Scheve
Analyst - Investments	Drury Morris
Analyst - Investments	Wally Onadiji**
<i>Operations/Support Professionals</i>	
Senior Managing Director	Joan Moeller
General Counsel and Chief Compliance Officer	Cissie Gonzalez
Senior Manager	Gary Hill
Manager	Debbie Childers
Manager	Melynda Shepherd
Senior Financial Analyst	Lara McKinney

Participants are eligible as of July 1, 2011, unless otherwise noted.

*Eligible as of August 1, 2011

**Eligible as of August 29, 2011



CAMBRIDGE ASSOCIATES LLC

2001 Ross Avenue, Suite 2600
Dallas, Texas 75201
TEL 214.468.2800 FAX 214.468.2801
www.cambridgeassociates.com

M e m o r a n d u m

To: The University of Texas Investment Management Company

From: Hamilton Lee
Kendall Anderson

Date: October 14, 2011

Re: Certification of 2012 Compensation Plan Universe

On an annual basis, Cambridge Associates is asked to confirm UTIMCO's compensation plan universe for the upcoming fiscal year. The criteria for the 2012 universe is as follows: a peer institution must have more than 10 full-time investment professionals, have an allocation to alternative assets in excess of 40%, and have assets greater than \$2.5 billion as of the last day of each of the three immediately preceding performance periods ending June 30th.

We were able to identify institutions meeting these qualifications by reviewing Cambridge staffing surveys, researching internal asset allocation data, and by verifying data with the Cambridge consultants responsible for relationships on the peer universe list. The resulting 2012 peer universe is as follows:

Columbia University
Cornell University
Duke University
Emory University
Harvard Management Company, Inc.
MIT Investment Management Company
Northwestern University
Princeton University
Rice University
Stanford University
UNC Management Company
University of Chicago
University of California
University of Michigan
University of Notre Dame

(list continued on next page)

October 14, 2011

University of Pennsylvania
University of Southern California
University of Virginia
Vanderbilt University
Washington University in St. Louis
Yale University

Please note that we recommend the universe remain similar to the 2011 universe despite a few exceptions. As we recommended in 2011, we continue to advise that the University of California remain in the peer group despite the fact that their allocations to alternative assets are approximately 37%, narrowly missing the 40% mandate. In 2009, the University of Michigan professional staff dropped to 9, but the staff level has since returned to at least 10 in 2010 and remained at that level during 2011. Similarly, Northwestern University staff fell from 10 to 8 in 2010, but has since risen to 11 investment professionals. We continue to recommend the inclusion of these universities, as we do not feel they should be excluded based on this minor technicality.

We recommend adding UNC Management Company and University of Southern California to the 2012 peer universe. These universities previously did not meet the criteria of having assets greater than \$2.5 billion as of the last day of each of the three immediately preceding performance periods. In 2009, these institutions' investment pools fell to \$2.26 billion and \$2.48 billion, respectively. However, their assets have since returned to levels above the \$2.5 billion minimum in 2010 and 2011. Since the 2012 compensation plan criteria will only consider data from fiscal year 2010, 2011, and 2012, we recommend UNC Management Company and University of Southern California be included in the 2012 peer universe.

We hope this information is useful and we are happy to answer any questions or concerns that may arise.

Tab 3

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Report on and Discussion and Appropriate Action related to Items from Audit and Ethics Committee

Developed By: Moeller, Hill, Gonzalez

Presented By: Hicks

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

Description: The Audit and Ethics Committee ("Committee") will meet on November 3, 2011. The Committee will consider and take appropriate action related to the following items: (1) minutes; (2) Deloitte & Touche LLP's Audit Results and Communications and the audit reports of the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), Permanent Health Fund ("PHF"), Long Term Fund ("LTF"), Intermediate Term Fund ("ITF"), and the Statement of Investment Performance Statistics for the year ended August 31, 2011; and (3) General Counsel and Chief Compliance Officer's Performance Incentive Award for the Performance Period ended June 30, 2011.

The Committee's agenda also includes a report by UT System Audit Office and a report on other ethics and compliance activities from staff.

Discussion: The financial statements were audited by Deloitte & Touche LLP. Tom Wagner, engagement partner, will present to the Committee Deloitte & Touche LLP's Financial Statement Audit Results and Communications letter (the "Letter") and answer questions related to the financial statements. Included in these materials is a draft of the Letter and Management's Representation Letter to Deloitte confirming in writing Management's responsibilities and representations with regard to these audits. Because of the voluminous nature of the audited financial statements, they are not included in the Board book. However, the complete audited financial statements will be available on UTIMCO's website, www.utimco.org after November 3rd.

As required by the Charter of the Audit and Ethics Committee, the Committee will approve the CEO's recommendation of the performance incentive award for the performance period ending June 30, 2011 for the General Counsel and Chief Compliance Officer and together make a recommendation to the Compensation Committee.

Charles Chaffin, UT System Chief Audit Executive will review with the Committee the UTIMCO Chief Executive Officer/Chief Investment Officer Expenses Audit Report for FY2011.

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Recommendation: The Committee will recommend that the UTIMCO Board take appropriate action related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the audited financial statements of the PUF, GEF, PHF, LTF, ITF, and the Statement of Investment Performance Statistics for the year ended August 31, 2011.

Reference: Draft Deloitte & Touch LLP's Financial Statement Audit Results and Communications
Management's Representation Letter
Audited Financial Statements and Audit Reports
Annual Institutional Compliance Program Reports and Action Plans

**RESOLUTIONS RELATED TO AUDITS OF THE INVESTMENT FUNDS
FOR FISCAL YEAR 2011**

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2011, 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, 2011, and August 31, 2010, and the Statement of Investment Performance Statistics for the year ended August 31, 2011, be, and are hereby approved in the form as presented to the Board.

October 31, 2011

Mr. Bruce Zimmerman
CEO and Chief Investment Officer
The University of Texas Investment Management Company

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

The Audit and Ethics Committee of the Board of Directors of
The University of Texas Investment Management Company

401 Congress Avenue, Suite 2800
Austin, TX 78701

Dear Mr. Zimmerman, Members of The Audit, Compliance and Management Review Committee of The Board of Regents of the University of Texas System as well as Members of The Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (the "Board"):

We have performed the audits of the financial statements of The Permanent University Fund, The University of Texas System General Endowment Fund, The Permanent Health Fund, The University of Texas System Long Term Fund and The University of Texas System Intermediate Term Fund (collectively, the "Funds") as of and for the year ended August 31, 2011, in accordance with auditing standards generally accepted in the United States of America and have issued our report thereon dated October 31, 2011.

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 Funds is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Our responsibility under auditing standards generally accepted in the United States of America has been described in our contract dated February 15, 2011 (the "Contract"). As described in Exhibit A – Section B to the Contract, the objective of a financial statement audit conducted in accordance with auditing standards generally accepted in the United States of America is to express an opinion on the reasonableness of the presentation of the Funds' financial statements for the year ended August 31, 2011 in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audits of the financial statements do not relieve management or the Board of their responsibilities.

We considered the Funds' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we do not express opinions on the effectiveness of the Funds' internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Funds' financial statements include valuation of certain investments which are specifically the Funds' investments in hedge funds, private investments, and private placements recorded at amounts included in the table below which have been estimated by management in the absence of readily determinable fair values.

FUND	VALUE OF INVESTMENTS IN THE ABSENCE OF READILY DETERMINABLE FAIR VALUES AT 08/31/11	PERCENTAGE OF NET ASSETS AT 08/31/11
Permanent University Fund	\$8,499,711,392	67.0%
The University of Texas System General Endowment Fund	\$4,811,582,613	68.3%
The University of Texas System Intermediate Term Fund	\$2,071,030,119	44.4%

Although management believes the accounting estimates reflected in the Funds' 2011 financial statements are reasonable, there can be no assurances that the Funds could ultimately realize these values. The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditors' reports on the financial statements, is our understanding and testing of the process used by management to develop the estimates.

Management uses a process to estimate the fair value of these entities which includes, but is not limited to, consideration of financial information from the underlying funds provided at various interim dates during the year, other information from the underlying funds, as well as information from other relevant sources. We feel this valuation process is reasonable based on the requirements of the AICPA Practice Aid for Auditors *Alternative Investments—Audit Considerations* and investment management industry general practices.

During the year ended August 31, 2011, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

UNCORRECTED MISSTATEMENTS

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

MATERIAL CORRECTED MISSTATEMENTS

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

SIGNIFICANT ACCOUNTING POLICIES

The Funds' significant accounting policies are set forth in the footnotes to the Funds' 2011 financial statements. During the year ended August 31, 2011, there were no significant changes in previously adopted accounting policies or their application.

OTHER INFORMATION IN THE ANNUAL REPORTS TO SHAREHOLDERS

When audited financial statements are included in documents containing other information such as the Funds' Management Discussion & Analysis and Supplemental Schedules, we read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We have read the other information in the Funds' financial statements and have inquired as to the methods of measurement and presentation of such information.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Funds' 2011 financial statements.

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 the year ended August 31, 2011.

SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

OTHER SIGNIFICANT ISSUES 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 issues requiring communication to the Board.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Funds' management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations management is required to provide to its independent auditors under generally accepted auditing standards.

* * * * *

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

Yours truly,

October 31, 2011

Deloitte & Touche LLP
400 West 15th Street, Suite 1700
Austin, TX 78701

We are providing this letter in connection with your audits of the statements of fiduciary net assets as of August 31, 2011 and 2010, of the entities (the "Funds") listed in Appendix A and changes in fiduciary net assets for the Funds for the years then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position and the changes in the fiduciary net assets of the Funds in conformity with accounting principles generally accepted in the United States of America (GAAP").

We are also providing this letter in conjunction with your audits of the detailed schedule of investment securities of The Permanent University Fund as of August 31, 2011 and the statement of investment performance statistics for the Funds for the year ended August 31, 2011.

We confirm that we are responsible for the following:

- a. The fair presentation in the statements of fiduciary net assets, statements of changes in fiduciary net assets, detailed schedule of investment securities, and investment performance statistics in conformity with GAAP
- b. The fair presentation of the supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements
- c. The design, implementation, and maintenance of programs and controls to prevent and detect fraud
- d. Establishing and maintaining effective internal control over financial reporting.

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

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

1. The financial statements referred to above are fairly presented in conformity with GAAP.
2. The Funds have provided to you all relevant information and access as agreed in the terms of the audit agreement, including:

- a. Financial records and related data
 - b. Minutes of the meetings of directors/trustees, and committees of directors/trustees; or summaries of actions of recent meetings for which minutes have not yet been prepared
 - c. Information relating to the Funds' compliance with all statutes, laws, or regulations that have a direct effect on our financial statements
 - d. All new or revised governance documents and agreements
3. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
 4. There were no uncorrected financial statement misstatements and/or differences in estimating valuations aggregated by you during the current audit engagement and pertaining to the latest period in the current year which, individually and in the aggregate, are material to the financial statements taken as a whole.
 5. The Funds have provided 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 affecting the Funds involving
 - a. Management
 - b. Employees who have significant roles in the Funds' internal control over financial reporting
 - c. Others if 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 Funds received in communications from employees, former employees, analysts, regulators, or others.
 8. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Governmental Accounting Standards Board (GASB) Statement No. 10 (paragraph 53) *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.
 9. All investments during the period were made in accordance with the investment policies stated in the Funds' respective investment policies.
 10. Significant assumptions used by us in making accounting estimates are reasonable.

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

11. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
12. The Funds have no plans or intentions that may affect the carrying value or classification of assets and liabilities.
13. We have disclosed to you any change in the Funds' internal control over financial reporting that occurred during the Funds' most recent fiscal year that have materially affected, or are reasonably likely to materially affect, the Funds' internal control over financial reporting.
14. With regard to the fair value measurements and disclosures of certain assets and liabilities, we believe that:
 - a. Investments are stated at fair value as determined in accordance with the valuation method set forth in the Funds respective investment policies
 - b. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied in accordance with GAAP
 - c. The completeness and adequacy of the disclosures related to fair values are in conformity with GAAP
 - d. No events have occurred subsequent to August 31, 2011 that require adjustment to the fair value measurements and disclosures included in the financial statements.
15. Private investment funds are fair valued by management. The fair values of these investments are estimated by management using the individual private investment fund's capital account balance at the closest available reporting period, as communicated by the general partner or investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting period as well as consideration of any other information which has been provided. In rare cases the private market funds are valued at cost but only when management feels this is the best approximation of value.
16. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and other transactions with affiliates and associated amounts receivable or payable, including fees, commissions, sales, purchases, loans, transfers, leasing arrangements, side agreements, and guarantees (written or oral)
 - b. Guarantees, whether written or oral, under which the Funds are contingently liable
 - c. Restricted securities that may not be publicly sold without registration under the federal Securities Act of 1933
 - d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line-of-credit, or similar arrangements

- e. All derivative financial instruments (e.g., futures, options, swaps), including outstanding commitments to purchase or sell securities under forward placement and standby commitments
 - f. Financial instruments with significant individual or group concentration of credit risk, whether from an individual counterparty or group of counterparties.
17. In preparing the financial statements in conformity 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 at least 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.
18. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
- a. The concentration exists at the date of the financial statements
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
19. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed under Government Accounting Standards Board (GASB) Statement No. 10 (paragraph 53) *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.
20. The Funds have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except for those disclosed in the financial statements.
21. We have disclosed all soft-dollar arrangements to you. We confirm to you that the usage of soft-dollar credits are restricted to activities that are specified in the "Soft Dollar Policies and Procedures" manual. The Funds have not utilized soft-dollar credits to offset direct Fund expenses. As of August 31, 2011, there were no soft-dollar commissions paid, which the Funds plan to recapture at a later date.

22. The University of Texas Investment Management Company as investment manager of the Funds under the control and management of The University of Texas System Board of Regents ("UT Board"), entered into a security purchase agreement with the UT Board. The agreement committed the funds under management, including the PUF, to purchase UT System notes and bonds outstanding up to \$3,528,030,000. The PUF also has an agreement with the TAMU System Board of Regents which commits the PUF to acquire up to \$125,000,000 of Texas A&M System flexible rate notes in the event of a failed remarketing of such notes. No UT System notes and bonds or Texas A&M System flexible rate notes have been or are expected to be purchased by the Funds under their required purchase commitment.
23. For those private investment funds where the Funds' combined investment exceeds 5%, management does not have, and does not intend to obtain effective control of these entities.
24. None of the entities which have borrowed from the Funds, subject to their securities lending programs, have defaulted during the year or after August 31, 2011.
25. The Funds have complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.
26. No events have occurred after August 31, 2011, but before October 31, 2011, the date the financial statements were issued that require consideration as adjustments to or disclosures in the financial statements.
27. The Funds enter into certain contracts that contain a variety of indemnification. The Funds have not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.
28. All trades made by the Funds during the year were appropriately authorized by management.
29. In conjunction with the Funds' investments in the private investment and hedge fund pools, there are no instances where the Funds would be required to assume additional commitment responsibility should other limited partners or shareholders default on their own commitments.
30. As of August 31, 2011, the Funds do not have any deposits or investments that are exposed to custodial credit risk.

Bruce Zimmerman
Chief Executive Officer and Chief Investment Officer

Joan Moeller
Senior Managing Director – Accounting, Finance, &
Administration

Gary Hill
Senior Manager – Investment Reporting

APPENDIX A

Entity Name	Materiality Limit
The Permanent University Fund ("PUF")	\$ 24,000,000
The University of Texas System General Endowment Fund ("GEF")	13,500,000
The University of Texas System Long Term Fund ("LTF")	11,500,000
The Permanent Health Fund ("PHF")	1,500,000
The University of Texas System Intermediate Term Fund ("ITF")	9,000,000

ANNUAL REPORTS
INSTITUTIONAL COMPLIANCE PROGRAM

**The University of Texas Investment Management Company
Institutional Compliance Program Annual Report
for the Year Ended August 31, 2011**

Section I – Organizational Matters

- Four meetings of the Ethics and Compliance Committee were held during the fiscal year: September 10, 2010, December 13, 2010, March 21, 2011, and June 14, 2011.
- Director changes included the following: Director Janiece Longoria was replaced by Director Steve Hicks on February 17, 2011; Director Erle Nye resigned effective February 9, 2011, and James Wilson, Regent of the Texas A&M University System Board of Regents, was appointed to fill his position.
- Significant personnel changes: Senior Director – Natural Resources Investments, Mark Warner, was appointed to the position of Managing Director – Natural Resources Investments. Bill Edwards, Managing Director – Information Technology, resigned on January 19, 2011. David Gahagan was appointed to serve and continues to serve as Acting Head of Information Technology.
- Investment Policy Statements were amended during the fiscal year, effective August 15, 2011, then again effective September 1, 2011. The Delegation of Authority Policy was amended effective July 14, 2011. The Derivative Investment Policy and Liquidity Policy were amended effective August 15, 2011, and August 25, 2011, respectively. The Mandate Categorization Procedure was amended effective August 1, 2011. The exhibits to the Derivative Investment Controls and Processes Document were amended effective May 28, 2010.

Section II - Risk Assessment, Monitoring Activities and Specialized Training (Performed by Responsible Party)

High-Risk Area #1: Investment Due Diligence

Responsible Party: President and Deputy CIO for Public Markets and Marketable Alternatives, Managing Directors for Private Markets and Natural Resources Investments, and Senior Director - Real Estate Investments

Key “A” risk(s) identified:

- *Organization could fail to adequately conduct due diligence on prospective managers.*
- *Organization could fail to adequately conduct continual review and evaluation of external managers hired to manage UT System investment funds.*

Key Monitoring Activities:

Public Markets: The Public Markets groups participated in 350 meetings/calls with potential managers. Serious due diligence was initiated on 20 managers. Three managers were hired. Ongoing review of active external managers included 190 meetings/calls. Additional efforts included monthly performance tracking, reviews and analyses by the team and quarterly portfolio review meetings.

Marketable Alternative Investments: The Marketable Alternative Investments group participated in 313 meetings/calls with potential managers. Serious due diligence was initiated on 14 managers. Seven managers were hired. Ongoing review of external managers was conducted in the form of 265 meetings/calls, quarterly portfolio review meetings, and participation in various annual meetings.

Private Markets: The Private Markets group initiated serious due diligence on 23 potential managers. Thirteen commitments were made. The Private Markets group also participated in 280 meetings with active external managers and 232 with potential managers, including site visits, conference calls, Advisory Board or Annual meetings, ILPA meetings, and quarterly portfolio review meetings.

Natural Resources: The Natural Resources group participated in 293 meetings/calls with potential managers. Serious due diligence was initiated on 11 managers. Seven managers were hired. Ongoing review of active external managers included 279 meetings/calls. Additional efforts included participation in annual meetings and quarterly portfolio review meetings.

Real Estate: The Real Estate group participated in 340 meetings/calls with potential managers. Serious due diligence was initiated on nine managers. Eight managers were hired. Ongoing review of active external managers included 113 meetings/calls. Additional efforts included participation in annual meetings and quarterly portfolio review meetings.

Specialized Training: Staff attended various industry-related conferences/forums and functions during the quarter.

High-Risk Area #2: Investment Risk Management

Responsible Party: Senior Director - Risk Management

Key "A" risk(s) identified:

- *Organization could fail to accurately perform its assessment of risk due to data and investment instrument modeling error.*
- *Organization could fail to respond to risk levels (manage risk budget).*

Key Monitoring Activities:

- During the year, Risk Team reconciled accounting records' market value with market values modeled by IFS; reconciled month end values from IFS to accounting records and identified reasons for all discrepancies. Compared each month's risk results with both prior month results and with market activity to determine consistency, and identified reasons for all changes; prepared monthly charts and reports based on inputs from risk model during this quarter, including trend analysis of risk exposure and attribution, as well as analysis of managers' betas and correlations.
- Risk Team continued the negotiations of ISDAs with new counter-parties, of POAs for managers operating under agency agreements, facilitated the negotiations of ISDAs for these managers, and performed its annual credit check on all existing counter-parties.
- Risk Team continued to study the macro environment and analyze possible tail scenarios, and to propose asset allocation tools and tail-hedging strategies to alleviate potential negative outcomes in such scenarios. Risk Team monitored the current thought processes and methodologies of other risk teams, by coordinating and chairing an Endowments Risk Management forum, and by analyzing new product offerings for risk management.
- A presentation on alternative Policy Portfolios was prepared for the Board and the Investment Committee.
- All internal derivatives were reviewed and analyzed in detail prior to initiation. Developed the process and methodology to calculate the use of the "insurance budget"; the insurance budget is continuously tracked.
- Derivative positions are monitored on a daily basis. External managers that may use derivatives are monitored daily for spikes in returns or in volatility. Effects of derivatives on the overall portfolio are monitored monthly. Fixed income duration and tracking error is being monitored on an ongoing basis. Managers' use of margin and leverage is monitored on an ongoing basis. Risk Team confirmed each month downside risk and VaR calculations on total P&L data.
- Risk Team participated in the due diligence of five new managers.
- Risk Team prepared projections on portfolio risk, country exposure, liquidity, and asset allocations; updated projections on a weekly basis. Risk Team continued to look at refining the proxies used for Private Investments to better capture the risk of these investments.

Specialized Training: Participated in two conferences during the year.

High-Risk Area #3: Information Technology & Security

Responsible Party: Acting Head of Information Technology

Key "A" risk(s) identified:

- *Organization could fail to adequately secure networks and data to prevent abuse, destruction, and/or theft.*
- *Organization could fail to manage computer software and hardware resulting in internal and external users unable to perform necessary job duties.*

Key Monitoring Activities:

- UTIMCO completed two audits of Information Security covering the (1) ISPI and Information Security Program and (2) web application security. Relative to other institutions within the UT System, UTIMCO ranks high however the ISPI audit identified several areas for improvement, which were incorporated into the UTIMCO Information Security Plan. The web application security audit included one recommendation – to increase the frequency of web application user reviews – that has been implemented. The annual financial report audit with Deloitte & Touche, LLP began in the third quarter.
- Denim Group was retained to complete a security review of the eFAS mainframe replacement web application.
- Annual user security training was completed in April for all users. New employees also received security training upon commencement of employment with UTIMCO.
- Implementation of TLS for secure email was completed as required by UT System.
- Applications that monitor virus or malicious software are running. Mechanisms are in place to provide notification if applications are not functioning properly. Additional applications monitor server activity and notify IT staff of any perceived problems.
- Continued training of users on the procedures and proper use of encrypted USB drives on an as needed basis.
- Provided topic specific email alerts to employees regarding encryption of social security numbers and credit card numbers, computer viruses, potential attacks, and critical updates.
- Monitoring and blocking of unencrypted electronic transmissions of social security numbers and credit card numbers is ongoing. Violations are reported to the CCO and staff is reminded to transmit via encrypted means.
- Laptop security reviews continue. At random, the ISO and CCO verify laptops are physically secured to the desk. Violators are notified when necessary.
- Compliance checks for nightly shutdown/logout and VPN access continue. Violations noted and violators notified when necessary.
- Random checks for confidential data storage continue and CISO continues to work with development staff to restrict access to source code.

Specialized Training: CISO attended several UT System configuration management user group meetings and meetings of the Chief Information Security Officers Council.

High-Risk Area #4: Investment Compliance

Responsible Party: Manager - Portfolio Accounting and Operations

Key "A" risk(s) identified:

- *Organization could fail to comply with investment policies, applicable laws and regulations, and other policies.*
- *Organization could fail to detect non-compliance with applicable policies, etc.*

Key Monitoring Activities:

- Verified that investments are in compliance with rules and guidelines in policies, rules and regulations utilizing custodian's software and in-house developed databases. Conversion to Compliance Monitor was completed in the last quarter.
- Work continues to verify that custodian software queries and database queries are working properly for manager compliance. Cross training with employees who work on manager compliance continues. Training a new employee did not occur as planned, but it is still planned for the future.
- Review of monthly and quarterly investment compliance reports prepared by staff.

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- All mandates submitted to the Chief Compliance Officer were reviewed and categorized pursuant to asset class and investment type in accordance with the Mandate Categorization Procedure and approved by the UTIMCO Risk Committee. Required annual review of mandates occurred and results were approved by the Risk Committee last quarter.
- Continued participation by the Portfolio Accounting and Operations staff in prospective and active external manager investment due diligence.
- Derivative Investment Controls and Processes are being followed and work continues on improving them.
- Annual compliance statements were sent to 24 external managers during the fiscal year.
- BNY Mellon made its annual visit during which outstanding issues with and future enhancements to Compliance Monitor were discussed.

Specialized Training: None

High-Risk Area #5: Conflicts of Interest

Responsible Party: Senior Managing Director - Accounting, Finance and Administration

Key "A" risk(s) identified:

- *Organization could fail to comply with conflicts of interest provisions in Code of Ethics and Texas Education Code section 66.08.*

Key Monitoring Activities:

- All Certificates of Compliance were received timely from all UTIMCO Board members and key employees for all investment managers hired and funds committed. Certificates were reviewed for completeness; no conflicts of interest were noted, i.e., no pecuniary interests were identified by any UTIMCO Board member or key employee.
- List of publicly traded securities of all publicly traded companies in which a UTIMCO Board member or employee has a pecuniary interest (the "restricted list") was maintained. Internal and external managers under agency agreements are provided the restricted list in order to prevent the violation of the UTIMCO Code of Ethics and *Texas Education Code* section 66.08. No changes to the restricted list occurred and no new managers were hired which required the list to be sent.
- On a daily basis, accounting staff reviewed security holdings of internal and external managers for compliance with the restricted list. No exceptions noted.
- During the fiscal year, two directors were appointed. All directors' annual statements were received timely, including those for which extensions of time to file were requested.
- A review of public resources for comparison with financial disclosure statement information provided by Directors was performed in the third quarter. No periodic review of public resources for comparison with financial disclosure statement information provided by employees was performed during the year.
- During the year, six employees did not file security transactional disclosure forms within the required 10 days but none resulted in a conflict of interest and each employee was reminded of the filing requirements contained in the UTIMCO Code of Ethics. One employee did not request preclearance for a security on the preclearance list; a gift security of the same issuer was traded on the same day as the employee's trade but the trades were insignificant and had no impact on the market.
- All employees received timely annual training and training upon hire. Two employees did not turn in their financial disclosure and ethics compliance statements by the deadline. One employee did not file the statements by the deadline because the statements were not provided to the employee on a timely basis and the other employee's statements were received one day late.
- Out of 47 trips/events during the fiscal year, two that required documentation and supervisor/CEO approval, did not have the appropriate documentation and approval.
- Two employees requested approval from the CEO for outside employment during the year. Annual reporting of outside employment to the Audit and Ethics Committee was provided March 8, 2011 (after the February 15th deadline stated in the Code of Ethics.)

Specialized Training: None

Section III – Monitoring and Assurance Activities (Performed by Compliance Office)

High-Risk Area #1: Investment Due Diligence

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO designee, Lara McKinney, performed quarterly due diligence monitoring plan for each Investment group. CCO designee reviewed initial due diligence for 22 managers hired by the Investment groups during the year. Ongoing due diligence efforts on multiple managers continue. The Senior Director, Risk Management and CCO participated in the bi-weekly Investment Committee meetings, the monthly Investment meetings, and quarterly portfolio reviews.

Significant Findings: None.

High-Risk Area #2: Investment Risk Management

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO continues to review documentation maintained by the Risk Team evidencing risk monitoring performed by the Risk Team. Risk Team has appropriately enhanced its documentation and monitoring processes as recommended by the UT System Audit Office in the prior fiscal year.

Significant Findings: None

High-Risk Area #3: Information Technology & Security

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO continues to meet with ISO, currently Acting Head of Information Technology, regarding information technology and security practices. CCO reviews quarterly and annual reporting to System-wide Chief Information Security Officer required by UT System policy.

Significant Findings: None

High-Risk Area #4: Investment Compliance

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO is performing monthly review of Compliance Reports. CCO reviewed the documentation and workpapers supporting the various compliance reports prepared by the Responsible Parties. Monthly report (checklist) reviewed and signed off by Debbie Childers to determine that policy requirements have been maintained based on the activity performed by staff. Activities related to procedures implemented as a result of Investment Training and Consulting, Inc. risk-focused audit related to internal Fixed Income and internal Derivatives are being monitored by the CCO.

Significant Findings: None

High-Risk Area #5: Conflicts of Interest

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO designee reviewed the completed sign-offs for completeness for all certificates of compliance received. All UTIMCO Board members and all employees had timely signed off on certificates of compliance; no conflicts of interest were noted. CCO performed Code of Ethics training for all employees and new hires. Monitoring for potential conflicts of interest in the areas of personal securities transactions, outside employment and business activities, and manager/third party-paid travel, entertainment and gifts is ongoing.

Significant Findings: None.

Section IV – General Compliance Training Activities

Three annual training sessions were held. New hire training sessions were held as required for all new hires. Two new Director training sessions were held during the year.

Section V – Action Plan Activities

- Meetings of the Employee Ethics and Compliance Committee are held quarterly.
- Information Technology Access & Security: Staff member is participating in the Chief Information Security Officers Council.
- Draft of Business Continuity Plan was prepared and has been distributed to staff for review and comment. Implementation will occur in the fiscal year ending August 31, 2012.
- Draft of Records Retention Procedure was prepared and has been distributed to staff for review and comment. Implementation will occur in the fiscal year ending August 31, 2012.

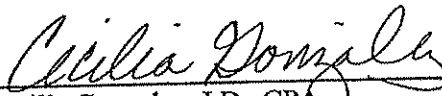
Section VI – Confidential Reporting

UTIMCO maintains a Compliance Hotline to receive and process complaints. UTIMCO has contracted with an outside vendor to provide the service. The chart below summarizes the calls received during the fiscal year:

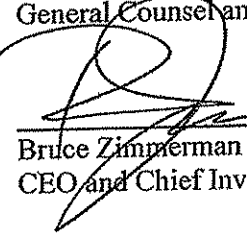
Type	Number	% of Total
Employee Relations	0	0.00%
Policy Issues	0	0.00%
Hang ups or wrong numbers	2	100.00%
Total	2	100.00%

All calls are accepted by the hotline and reported to the UTIMCO Compliance Office. All reports are handled by a 5-person team comprised of the Chief Compliance Officer, Manager of Finance & Administration, the Office Manager, the Executive Assistant to the CEO and Chief Investment Officer, and David Givens from the System-wide Compliance Office.

This 2011 Annual Report is submitted by:



Cecilia Gonzalez, J.D., CPA
General Counsel and Chief Compliance Officer



Bruce Zimmerman
CEO and Chief Investment Officer

**The University of Texas Investment Management Company
Institutional Compliance Action Plan
Fiscal Year 2011**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
A. RISK ASSESSMENT			
1.	As needed, update risk assessment and map controls identified in the risk assessment to controls identified in the process documentation	On-going	On-going
B. MONITORING ACTIVITIES / ASSURANCE			
2.	Meet with Responsible Parties for updates	On-going	On-going; monitoring plans are being followed
3.	Inspect high risk areas A	On-going	On-going
4.	Work with Risk Management to enhance monitoring by CCO	On-going	On-going
C. COMPLIANCE TRAINING / AWARENESS			
5.	Provide Code of Ethics training and information to improve staff awareness of compliance program	04/30/11	Regular Sessions held April 4 and 8, 2011; Makeup session held April 29, 2011; new hire sessions held as/when needed
6.	Identify and network with similarly situated compliance professionals	On-going	On-going
D. REPORTING			
7.	Conduct quarterly meetings with the internal ethics and compliance committee	On-going	On-going
8.	Provide quarterly/annual reports to the System-wide office	On-going	On-going
E. OTHER / GENERAL COMPLIANCE			
9.	Hotline report investigations	On-going	No reports needing investigation have been made for the fiscal year to date
10.	Periodic Re-evaluation of enterprise risk management and regular reporting to UTIMCO Audit and Ethics Committee	06/30/11	Completed
11.	ICAC activities: ICAC and Standing Committee participation	On-going	No meetings have been held during the fiscal year
12.	Work with IT to enable web-based transmission and completion of Certificates of Compliance electronically; Review of Directors Desk and other comparable products	12/31/10	Contract with Diligent BoardBooks has been signed; trial run scheduled for November meeting
13.	Update and Monitor Records Retention	01/31/11	Draft Procedure being

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
	Procedures		reviewed by Staff; meeting to discuss set for September 26th
14.	Draft and implement business continuity plan	06/30/11	Draft completed; Refinement and implementation of BCP ongoing

**The University of Texas Investment Management Company
Institutional Compliance Action Plan
Fiscal Year 2012**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
A. RISK ASSESSMENT			
1.	Review risk assessments to determine if updates are needed and map controls identified in the risk assessment to controls identified in the process documentation where needed	06/30/12	
B. MONITORING ACTIVITIES / ASSURANCE			
2.	Draft Monitoring Plans related to primary risks identified in ERM : * Portfolio Strategy and Management * Operations, Accounting, and Reporting * General Management	12/31/2011	
3.	Periodic review of Responsible Party Monitoring Plan documentation for high risk areas A	On-going	
4.	Work with Risk Management to enhance monitoring by CCO	On-going	
C. COMPLIANCE TRAINING / AWARENESS			
5.	Provide Code of Ethics training and information to improve staff awareness of compliance program	04/30/12	
6.	Identify and network with similarly situated compliance professionals	On-going	
D. REPORTING			
7.	Conduct quarterly meetings with the internal ethics and compliance committee	On-going	
8.	Provide quarterly/annual reports to the System-wide office	On-going	
E. OTHER / GENERAL COMPLIANCE			
9.	Hotline report investigations	On-going	
10.	Periodic Re-evaluation of enterprise risk management and regular reporting to UTIMCO Audit and Ethics committee	06/30/12	
11.	ICAC activities: ICAC and Standing Committee participation	On-going	
12.	Work with Board Secretary and IT staff on implementation of Diligent BoardBooks	02/28/12	
13.	Manage implementation of Records Retention Procedures	08/31/12	
14.	Refine and implement business continuity plan	08/31/12	

Tab 4

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Report from Risk Committee

Developed By: Staff

Presented By: Tate

Type of Item: Information Item

Description: The Risk Committee ("Committee") will meet on November 3, 2011. The Committee's agenda includes (1) discussion and appropriate action related to the minutes; (2) discussion and appropriate action related to categorization of new investment mandates; (3) review and discussion of compliance reporting; and (4) review and discussion of exposure reporting methodology.

Discussion

The Committee will review and approve, as appropriate, the 29 mandate categorizations prepared by Staff for the period beginning July 1, 2011, and ending October 21, 2011. The Committee will report to the UTIMCO Board the results of its review of the Investment Mandate Categorizations.

The Committee will review the quarterly compliance reporting. The Committee will hear a report related to the exposure reporting methodology for derivative investments.

Recommendation: None

Reference: None

Tab 5

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Report from the Emerging Market Task Force

Developed By: Warner

Presented By: Warner

Type of Item: Information item

Description: The Emerging Markets Task Force ("EMTF") was formed to bring a focused effort to the endowment's emerging markets exposure across the portfolio. Mr. Warner and task force members will update the Board on the activities of the EMTF.

Recommendation: None

Reference: None

Tab 6

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Portfolio Update by Investment Teams

Developed By: Staff

Presented By: Staff

Type of Item: Information item

Description: Team members from Natural Resources, Public Markets, Less Correlated and Constrained, Private Markets, and Real Estate will update the Board on investment activities.

Recommendation: None

Reference: None

Tab 7

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Discussion of Investment Environment and Opportunities

Developed By: Zimmerman

Presented By: Zimmerman

Type of Item: Information Item

Description: This agenda item is intended to provide an opportunity for an open-ended discussion on issues, expectations, and opportunities in the current investment environment.

Discussion: Staff hopes to get input from Board members on issues, concerns, and opportunities in the current investment environment.

Recommendation: None

Reference: None

Tab 8

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Report on Special Purpose Entities

Developed By: Turner, Jewell

Presented By: Turner, Jewell

Type of Item: Information item

Description: Mr. Turner and Mr. Jewell will report to the UTIMCO Board on the use of Special Purpose Entities ("SPE") to aid in the investment of the Permanent University Fund ("PUF"), the General Endowment Fund ("GEF"), and the Intermediate Term Fund ("ITF"), collectively the Funds. UTIMCO Staff has made limited use of SPEs in the past and has been interested, as has the UTIMCO Board, in the legal considerations related to the use of SPEs and whether it might be advantageous to expand the use of SPEs when making investments on behalf of the Funds. For purposes of his report, Mr. Turner and Mr. Jewell have defined a SPE as a legal entity formed on behalf of and wholly-owned by the Board of Regents of The University of Texas System for the purpose of making and holding investments for the Funds.

Discussion: Mr. Turner and Mr. Jewell will discuss the use of SPEs, including benefits, disadvantages and shortcomings, and provide summary conclusions and recommendations.

Recommendation: None

Reference: None

Tab 9

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: UTIMCO Organization Update

Developed By: Zimmerman

Presented By: Zimmerman

Type of Item: Discussion item

Description: Mr. Zimmerman will provide an update on UTIMCO's staffing, the search for the Chief Technology Officer and the IT strategy, and years of service of Staff.

Reference: *UTIMCO Organization Update* presentation



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

UTIMCO ORGANIZATION UPDATE

November 8, 2011

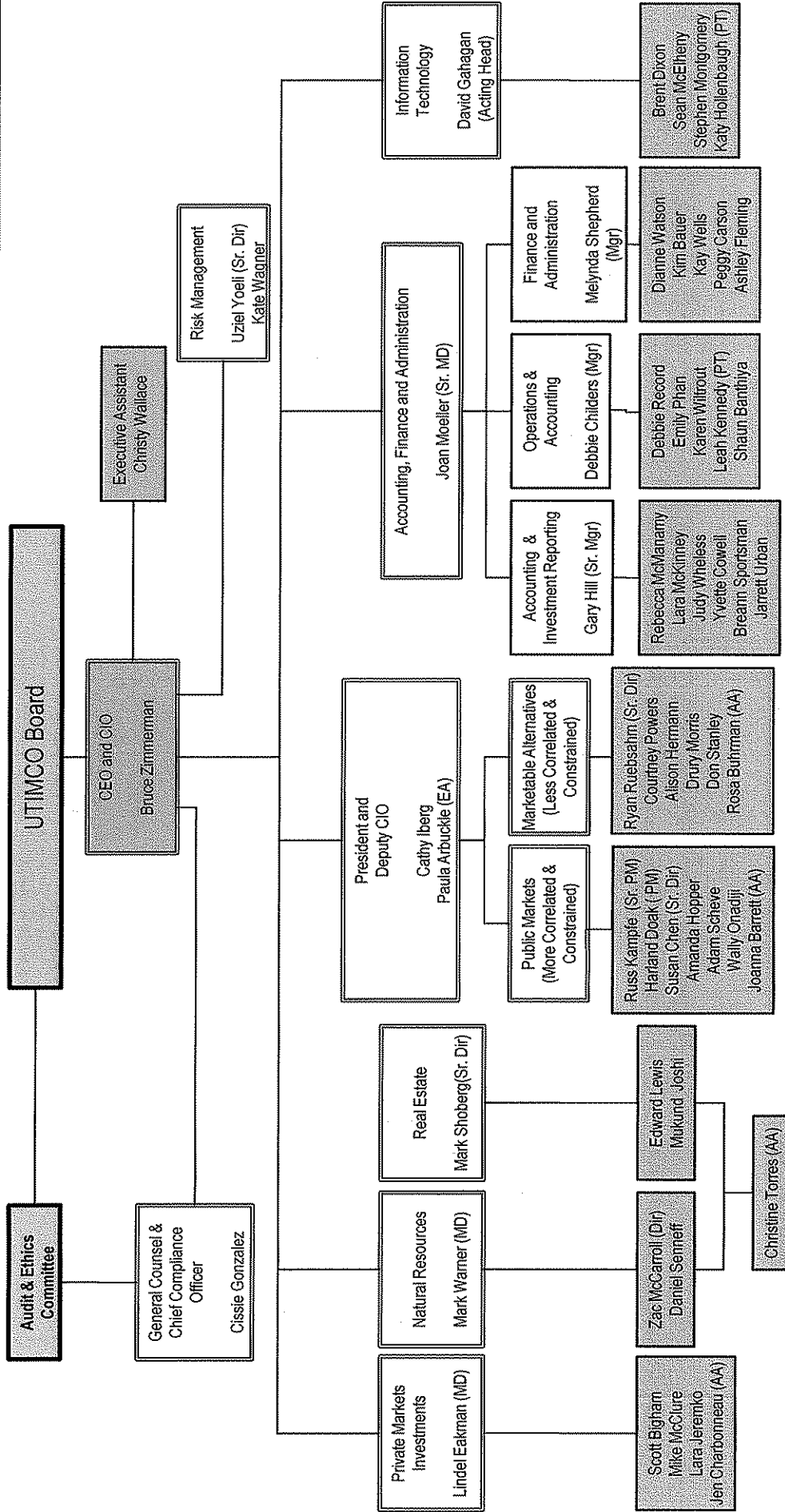


UTIMCO Update

- Staffing
- CTO and IT Strategy
- Staff Years of Service

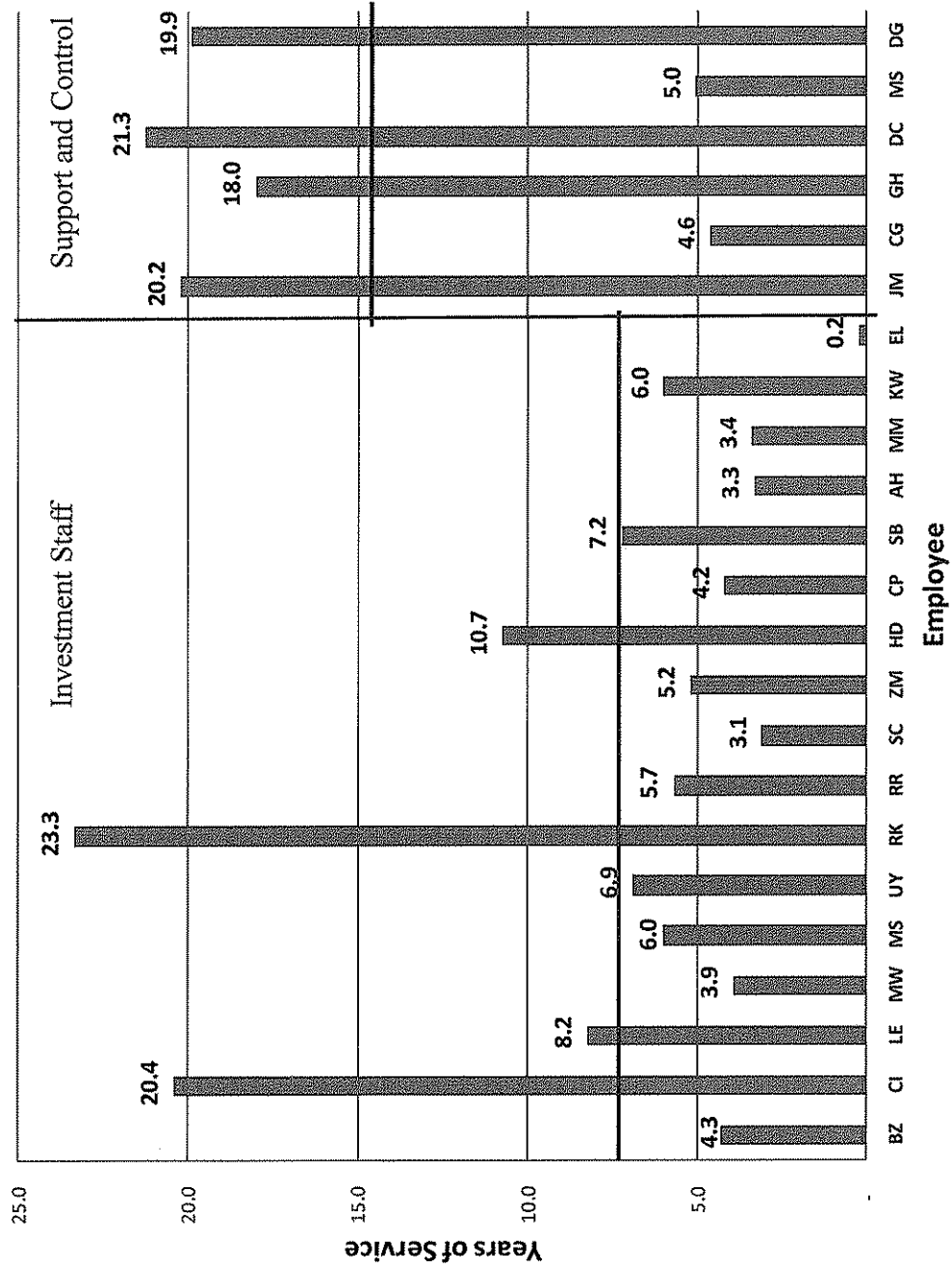


UTIMCO – Organizational Structure





Staff Years of Service



Tab 10

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Report on 2012 Meeting Dates

Developed By: Zimmerman

Presented By: Zimmerman

Type of Item: Information item

Description: This agenda item presents the 2012 UTIMCO Board Meeting schedule and the Committee meetings schedule.

Recommendation: None

Reference: UTIMCO Meeting Dates 2012



UTIMCO Meeting Dates 2012

Month	Board Of Directors	Audit and Ethics Committee	Compensation Committee	Policy Committee	Risk Committee	UT System Board of Regents	TAMU System Board of Regents
January		Jan 26			Jan 26		
February	Feb 2					Feb 8-9	Feb 9-10
March							
April (annual)	Apr 11	Apr 5		Apr 5	Apr 5		
May						May 9-10	May 3-4
June							
July	Jul 11-12*	Jul 5	Jul 5	Jul 5	Jul 5	Jul 11-12*	
August						Aug 22-23	Aug 2-3
September			September 27				
October							
November	Nov 9	Nov 5	Nov 5		Nov 5	Nov 14-15	Nov 1-2
December						Dec 5-6	

*Possible Joint Meeting of UTIMCO Board and UT System Board of Regents - July 11 or 12 TBD - please hold both dates

**All 2012 UTIMCO Board of Directors Meetings will be held in the corporate office:
401 Congress, Suite 2800, Austin, Texas 78701**

Committee Assignments:

Audit and Ethics: Hicks - Chair, Gary, Tate, Wilson

Compensation: Ferguson - Chair, Bass, Hicks, Moore

Policy: Gary - Chair, Bass, Ferguson, Wilson

Risk: Tate - Chair, Bass, Ferguson, Moore

Tab 11

Agenda Item
UTIMCO Board of Directors Meeting
November 8, 2011

Agenda Item: Diligent Boardbook Training

Developed By: Moeller, Gahagan

Presented By: Representatives from Diligent Boardbooks

Type of Item: Discussion item

Description: UTIMCO has selected Diligent Boardbooks ("Diligent") as the vendor to deliver UTIMCO's Board and Committee materials via a secure web-based system. Diligent's board portal was developed in 2001 and allows the user to view materials online or offline, project the book at a meeting, print paper books, and/or go paperless. Representatives from Diligent will be in attendance to train the UTIMCO Directors on using the Diligent Boardbooks application.

Reference: None