

**MINUTES OF  
MEETING OF THE RISK COMMITTEE OF  
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Risk Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 26, 2012**, 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 Committee Chair, Charles W. Tate, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

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Charles W. Tate, Chair  
Kyle Bass  
J. Philip Ferguson  
Ardon Moore

Paul Foster, Chairman of the Board, also attended the meeting, thus constituting a majority and quorum of the Committee and the Board. 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; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Uzi Yoeli, Senior Director – Portfolio Risk Management; and various staff members. Also attending were Moshmee Kalamkar of The University of Texas System Administration and Keith Brown of the McCombs School of Business at The University of Texas at Austin. Mr. Tate called the meeting to order at 10:03 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

**Minutes**

The first matter to come before the Committee was approval of the minutes of the meeting of the Risk Committee held on November 3, 2011. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Risk Committee of the Board of Directors held on November 3, 2011, be, and are hereby, approved.

**Mandate Categorizations**

Mr. Tate summarized the Categorization of New Investment Mandates. He stated that there were 11 new investment mandate categorizations prepared by Staff for the period beginning October 22, 2011, and ending January 13, 2012. The "Mandate Categorization Watch-List" continues to be monitored by Staff for possible recategorization. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board adopted a Mandate Categorization Procedure on January 30, 2008, with an effective date of March 1, 2008, to provide greater transparency

into the process of classifying an investment mandate within the approved Asset Classes and Investment Types as defined in the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, and the Intermediate Term Fund; and

WHEREAS, the Procedure requires the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer to review and categorize each new mandate, to recommend re-categorization of any existing mandate if after the initial or annual categorization they become aware of a change(s) in the investment characteristics of the mandate that warrants a re-categorization, and to annually review all existing mandates; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from October 22, 2011, through January 13, 2012, and categorized each as required by the Procedure; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations and concurs in the classifications as proposed by the Corporation's staff.

NOW, THEREFORE, BE IT

RESOLVED, that the Categorizations of the Asset Class and Investment Type for each Investment Mandate are hereby approved.

### **Compliance Summary Program**

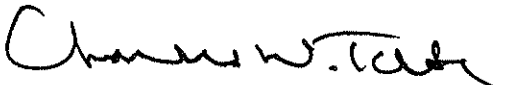
Mr. Tate asked Ms. Gonzalez to discuss the Compliance Summary Program. Ms. Gonzalez reported on the Compliance Summary Program for the fiscal quarter ending November 30, 2011, which monitors the Derivative Investment Policy, the risk targets, asset allocation targets and ranges and other investment related restrictions. She reported that there was a compliance matter with regards to the Derivative Investment Policy. One new manager executed forward foreign exchange contracts, an OTC derivative as defined in the Derivative Investment Policy, without an ISDA in place. The situation was corrected in October. One external manager was out of compliance, having invested more than the 40% limit of its net asset value in securities of companies domiciled in a single country due to the large decline in the markets during September. This situation was corrected in October. Ms. Gonzalez then presented the Institutional Compliance Program Report for the Period Ended November 30, 2011, including discussion of on-going monitoring of the compliance program, employee training, the preclearance of trades and the Corporation's Compliance Hotline. There was no activity on the Compliance Hotline for the quarter ended November 30, 2011. She also presented the updated Institutional Compliance Action Plan for FY 2012, including reporting on the progress of the Records Retention Procedure and Business Continuity Plan. Mr. Zimmerman and Ms. Gonzalez answered the Committee Members' questions.

**Funds Update**

Mr. Tate asked Mr. Zimmerman to present the highlights of the Funds Update. Mr. Zimmerman stated that he would report on the full calendar year in addition to the first three months of the fiscal year at the Board meeting to be held the next week. Mr. Zimmerman discussed the performance summary, the actual vs. benchmark returns by month, the Corporation's up/down capture and other risk reporting, active management and attribution. Mr. Zimmerman, Ms. Iberg and Mr. Yoeli answered the Committee Members' questions.

There being no further business to come before the Committee, the meeting was adjourned at approximately 10:44 a.m.

Secretary:   
Jan Moeller

Approved:   
Charles W. Tate, Chair  
Risk Committee of the Board of Directors of  
The University of Texas Investment  
Management Company

Date: 4/11/12