UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
July 22, 2013

UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas 78701

Time Begin	Time End	Item #	Agenda Item
			OPEN MEETING:
10:30 a.m.	10:35 a.m.	1	Call to Order of the Meeting/Discussion and Appropriate Action related to Minutes of April 16, 2013 Meeting*
10:35 a.m.	10:40 a.m.	2	Discussion and Appropriate Action Related to Resolution of Appreciation*
10:40 a.m.	10:50 a.m.	3	Report from Risk Committee
10:50 a.m.	11:10 a.m.	4	Report from Policy Committee - Discussion and Appropriate Action Related to the Investment Policy Statements*,** - Discussion and Appropriate Action Related to the Liquidity Policy*,** - Discussion and Appropriate Action Related to the Derivative Investment Policy*,** - Discussion and Appropriate Action Related to the Delegation of Authority Policy* - Discussion and Appropriate Action Related to the Mandate Categorization Procedure* - Discussion and Appropriate Action Related to UTIMCO Bylaws*,**
11:10 a.m.	11:20 a.m.	5	Report from Audit and Ethics Committee - Discussion and Appropriate Action Related to Corporate Auditor* - Personal Trading Update
11:20 a.m.	12:00 p.m.	6	Endowment and Operating Funds Update Report
12:00 p.m.			**Adjourn**

* Action by resolution required
** Resolution requires further approval from the Board of Regents of The University of Texas System

Next Regularly Scheduled Meeting: October 10, 2013

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on **April 16, 2013,** be, and are hereby, approved.

MINUTES OF THE ANNUAL 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 **April 16, 2013,** 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:

Ardon E. Moore, Vice Chairman
Kyle Bass
Morris E. Foster
R. Steven Hicks
Charles W. Tate
James P. Wilson

Accordingly, a majority and quorum of the Board was in attendance. Chairman Paul Foster, Francisco G. Cigarroa, Vice Chairman for Policy, and Director Printice L. Gary joined the meeting later, as noted in the minutes. 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; Lindel Eakman, Managing Director – Private Markets Investments; Mark Warner, Managing Director - Natural Resources Investments; Mark Shoberg, Managing Director – Real Estate Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; Uche Abalogu, Chief Technology Officer; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; Barry McBee, Allen Hah, Terry Hull, Moshmee Kalamkar, Spencer Miller-Payne, Jim Phillips, Roger Starkey, and Jeet Vijay of The University of Texas System ("UT System") Administration; and Maria Robinson of The Texas A&M University System. Vice Chairman Moore called the meeting to order at 9:03 a.m.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on February 7, 2013. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

> RESOLVED, that the minutes of the meeting of the Board of Directors held on **February 7, 2013**, be, and are hereby, approved.

Endowment and Operating Funds Update

Mr. Moore asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman presented the Corporation's Performance Summary as of February 28, 2013. Mr. Gary joined the meeting at this time. Mr. Zimmerman reported the Corporation had $29.2 billion of assets under management at the end of February 28, 2013. Of the $29.2 billion, $14.2 billion was in the Permanent University Fund ("PUF"), $7.4 billion in the General Endowment Fund ("GEF"), $1.6 billion in the Short Term Fund ("STF"), $0.5 in the Debt Proceeds Fund, and $5.2 billion in the Intermediate Term Fund ("ITF"). Mr. Zimmerman presented actual versus benchmark results, tactical asset allocation, and value-add analysis. The net performance for the six month period ended February 28, 2013, for the PUF was 6.29% and for the GEF was 6.43%, versus benchmark returns of 5.80% for the PUF and GEF. The net performance for the one year ended February 28, 2013, for the PUF was 8.37% and for the GEF was 8.54%, versus benchmark returns of 6.11% for each fund. The ITF's performance was 4.57% versus its benchmark return of 3.79% for the six months ended February 28, 2013, and 5.81% versus its benchmark return of 3.03% for the one year ended February 28, 2013. Performance for the STF was 0.07% versus 0.05% for its benchmark return for the six months ended February 28, 2013, and was 0.16% versus a benchmark return of 0.11% for the one year ended February 28, 2013. Mr. Zimmerman asked Dr. Yoeli to review the risk section of the Funds Update. Dr. Yoeli provided risk analytics for the period ending February 28, 2013, beginning with the current risk environment, including 4-way risk decomposition, up/down capture, risk contributions and correlations. Mr. Zimmerman and Ms. Iberg reviewed the Funds' asset class and investment type targets, tactical asset allocation, ranges and performance objectives. Mr. Zimmerman and Senior Staff reported on investment activity as of February 28, 2013, including manager exposure and leverage. He also reported on derivatives and counterparties, and gave an update on liquidity, contracts and the ITF. Mr. Zimmerman, Ms. Iberg, Dr. Yoeli and Senior Staff members answered the Directors' questions.

Risk Committee Report

Mr. Moore asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met on April 11, 2013. He stated that the Risk Committee approved two new investment mandate categorizations prepared by Staff for the period beginning January 19, 2013, and ending March 29, 2013. Mr. Tate stated that Mr. Zimmerman discussed the requirement to perform an annual review of all mandate categorizations with the Committee. Because Staff reviews the categorization of mandates before each quarterly Risk Committee meeting, Staff believes the annual review process is redundant. Mr. Zimmerman will recommend removal of the annual review requirement at the next Policy Committee meeting as part of the required annual review of investment policies. No recommendation or action was requested by Staff at the meeting regarding this possible change. Mr. Tate also stated that the Committee heard a report from Ms. Gonzalez on compliance items for the Quarter Ended ending February 28, 2013. Ms. Gonzalez reported one out of compliance matter in the Compliance Summary Program report for the fiscal quarter ending February 28, 2013, regarding an external manager. The manager was out of compliance with its investment guidelines in December, but was back in compliance in January.

Audit and Ethics Committee Report

Mr. Moore asked Mr. Wilson to provide a report on behalf of the Audit and Ethics Committee. Mr. Wilson reported that the Committee convened on April 11, 2013. He stated that the Committee was presented with quarterly compliance reports and an update on the State Auditor's Office audit from Ms. Gonzalez. Ms. Kalamkar gave an update on two audits being conducted by the UT System Audit Office, and Ms. Moeller provided a review of the unaudited financial statements for the second quarter for the Funds and Corporation.

Compensation Committee Report

Mr. Moore asked Mr. Hicks to report on behalf of the Compensation Committee. Mr. Hicks stated that the Compensation Committee had met on April 11, 2013 and again on April 16, 2013. Appropriate action was taken related to the designation of one employee in an Eligible Position as a Participant in the Plan and Qualitative Goals for this Participant for the 2012/2013 Performance Period. Per the Plan, an employee may be selected by the UTIMCO Board to participate in the Plan during the last six months of a Performance Period only when compelling individual circumstances justify a shorter period of time and such circumstances are recorded in the minutes of the UTIMCO Board meeting. Mr. Zimmerman reported that in order to be able to provide a competitive salary for the new position of Investment Deal Counsel, this position had been previously designated in the Plan as an Eligible Position as Deal Attorney, and now that the position had been filled, it was necessary to recommend designation of Jon Ellison (Deal Attorney) to become an Employee in Eligible Position as Participant in the UTIMCO Compensation Program for the 2012/2013 Performance Period. Upon motion duly made and seconded, the following resolution was adopted by the Board:

> 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, an employee may be selected by the UTIMCO Board to participate in the Plan during the last six months of a Performance Period only when compelling individual circumstances justify a shorter period of time and such circumstances are recorded in the minutes of the UTIMCO Board meeting; and
>
> WHEREAS, the Compensation Committee of the Board has recommended Jon Ellison, Deal Attorney, becoming a Participant for the 2012/2013 Performance Period; and
>
> WHEREAS, the UTIMCO Board has been advised of the compelling individual circumstances and based on same wishes to select Jon Ellison (Deal Attorney) as a Participant for the 2012/2013 Performance Period.
>
> NOW, THEREFORE, be it:
>
> RESOLVED, that, Jon Ellison (Deal Attorney), be designated as a "Participant" in the Plan for the 2012/2013 Performance Period, effective as of April 1, 2013.

Organization Update

Mr. Zimmerman provided the Board with an update on staffing and asked the Corporation's two new employees to introduce themselves. He presented the Corporation's second quarter actual vs. budget operating expenses. He then asked Mr. Abalogu to give the Board an update on the Information

Technology infrastructure platform and application development. Mr. Zimmerman, Ms. Gonzalez and Mr. Abalogu answered the Directors' questions.

Review of Public Markets

Mr. Moore asked Mr. Zimmerman to give a brief introduction of the Public Markets team. He then asked Ms. Chen to introduce the team members. Ms. Chen and Staff presented the More Correlated and Constrained portfolio size, details of the portfolio, public equity objectives and approach, and performance in each area including developed country, emerging markets, and fixed income. Chairman Foster and Dr. Cigarroa joined the meeting at this time.

The Board recessed briefly before reconvening in open session.

Presentation by Colchester Global Investors Limited

Mr. Foster introduced Mr. Ian Simms, Chairman and Chief Investment Officer of Colchester Global Investors Limited. Mr. Simms explained the value-oriented, international bond strategy that his company uses to invest primarily in high-quality sovereign bond markets that offer attractive real yields. Mr. Simms answered the Directors' questions.

At approximately 12:30 p.m. the Board recessed for lunch.

The meeting of the Board reconvened in open session at approximately 1:08 p.m.

Corporate Resolution

Mr. Foster asked Mr. Zimmerman to present the corporate resolution for Corporation officers. Mr. Zimmerman explained that this meeting was the Annual Meeting of the Board; therefore it was necessary to approve the Corporation officers to serve for the next year. Upon motion duly made and seconded, the following resolution was adopted by the Board:

> RESOLVED, that the following persons are hereby appointed to the respective office or offices of the Corporation set forth opposite their names, to serve until the next Annual Meeting of the Corporation or until their resignation or removal.

Name	**Office or Offices**
Paul Foster	Chairman
Ardon E. Moore	Vice-Chairman
Francisco G. Cigarroa	Vice-Chairman for Policy
Bruce Zimmerman	Chief Executive Officer and Chief Investment Officer
Cathy Iberg	President and Deputy Chief Investment Officer
Joan Moeller	Senior Managing Director, Treasurer and Secretary
Lindel Eakman	Managing Director
Mark Warner	Managing Director
Mark Shoberg	Managing Director

Uche Abalogu	Chief Technology Officer
Christy Wallace	Assistant Secretary

Optimal Illiquidity

Mr. Foster asked Dr. Yoeli to present the report on optimizing illiquidity. Mr. Zimmerman explained that this presentation was the third and final update to the Board on this topic. Illiquidity is one element of portfolio risk and a potential source of return. Dr. Yoeli presented three key issues that are fundamental in determining optimal illiquidity in the portfolio; 1) what returns are sufficient to support what levels of illiquidity risk, 2) what liquidity needs limit illiquidity exposure, and 3) what is staff's ability to deploy illiquidity risk and generate sufficient returns. He provided the Board with activities since the last update, and discussed required premium, liquidity supply and demand, and ability to deploy capital. Mr. Hicks left the meeting at this time. Mr. Zimmerman, Dr. Yoeli and Mr. Eakman answered the Directors' questions.

Legislative Update

Mr. Foster asked Mr. McBee, UT System Vice Chancellor and Chief Governmental Relations Officer, to give an update on activity from the 83rd Texas Legislature. Mr. McBee gave a report to the Board focusing on higher education and investment issues and the State Budget FY 2014-2015.

Policy Committee Report

Mr. Foster asked Mr. Gary to report on behalf of the Policy Committee. Mr. Gary asked Mr. Zimmerman to explain what was discussed at the Policy Committee meeting held on April 11, 2013. The Policy Committee approved minutes from the previous meeting and then discussed and took appropriate action related to proposed amendments to distribution rates and amount, which also require Board approval. Mr. Zimmerman discussed the distribution rate policy and procedures. Mr. Zimmerman explained that each year Staff recommends the distribution rates for the Funds to the Policy Committee; the Policy Committee recommends the rates to the Board, which in turn requests approval by the Board of Regents. The distribution rate decision will be on the agenda at a future meeting of the UT System Board of Regents. Each of the Funds' respective Investment Policy Statement provides the guidelines to calculate the distribution amount or rate and provides the spending policy objectives of the Fund. The Staff's recommendations for the distribution amount and payout rates were discussed. Mr. Zimmerman answered the Directors' questions. The Policy Committee recommended that the Board approve the following distribution rates for fiscal year ending August 31, 2014. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

> RESOLVED, that the annual distribution amount for the Permanent University Fund be based on 5% of the trailing twelve-quarter average net asset value or $626,695,580 for fiscal year 2014, effective with the September 1, 2013 distribution; the distribution rate for the Permanent Health Fund be increased from $.0573 per unit to $.0585 per unit for fiscal year 2014, effective with the November 30, 2013 quarterly distributions; the distribution rate for the Long Term Fund be increased from $0.3283 per unit to $0.3352 per unit for fiscal year 2014, effective with the November 30, 2013 quarterly distributions; and the distribution

rate for the Intermediate Term Fund remain at 3.0% per annum for fiscal year 2014, effective with the September 1, 2013 monthly distribution.

BE IT FURTHER RESOLVED, that the annual distribution amount for the Permanent University Fund and the distribution rates for the Permanent Health Fund, Long Term Fund, and Intermediate Term Fund be, and are hereby, approved subject to approval by the Board of Regents of The University of Texas System.

Educational Program for Board

Mr. Foster asked Mr. Turner to present the Educational Program for UTIMCO Directors to the Board. Mr. Turner stated that the Investment Management Services Agreement between the UT System Board of Regents and the Corporation requires the Corporation to provide training and education to members of the Board as may be determined in consultation with UT System staff to assure that all duties required of directors under the Texas Non-Profit Corporation Act and matters related to the legal and fiduciary responsibilities of the Directors, including current regulations for determining reasonable compensation, are outlined and discussed fully. Although Board training is provided during an orientation session when new members of the Board are selected, Mr. Turner's presentation served as an update and a resource for current Board members.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:37 p.m.

Secretary: ___________________________
Joan Moeller

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

Agenda Item
UTIMCO Board of Directors Meeting
July 22, 2013

Agenda Item: Discussion and Appropriate Action Related to Resolution of Appreciation

Developed By: Staff

Presented By: Foster

Type of Item: Action required by UTIMCO Board

Description: Chairman Foster will present a recommendation to the Board to approve a resolution acknowledging Mr. Printice Gary's service on the UTIMCO Board.

Recommendation: Chairman Foster will recommend approval of the resolution of appreciation.

Reference: None

WHEREAS, in recognition of his substantial background and expertise in business, real estate and construction, Printice L. Gary was appointed by Governor Rick Perry to the Board of Regents of The University of Texas System in 2007, and was appointed by the Board of Regents to the Board of Directors of The University of Texas Investment Management Company ("UTIMCO") in 2009, and was reappointed by the Board of Regents to serve a second term on the UTIMCO Board in 2011; and

WHEREAS, Mr. Gary has provided invaluable insight and counsel, drawing on his immense experience as founder of Carleton Residential Properties, serving as its Chief Executive Officer and Managing Partner; and previously as a division partner at Trammell Crow Residential; and

WHEREAS, Mr. Gary's unselfish contributions are also evidenced in the civic arena by his service on the Boards of the Dallas Citizens Council, the North Texas Tollway Authority, Pro-line Corporation, CC Young, the Texas Tax Reform Commission; Southwestern Medical Foundation; the National Equity Fund in Chicago, Illinois; and as a former trustee of Carleton College; and

WHEREAS, during Mr. Gary's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund 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, Mr. Gary's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to the education and development of students at all levels, and further evidenced by his work with the Board of Regents of The University of Texas System, including service as Chair of the Facilities Planning and Construction Committee; Vice Chairman of the Finance and Planning Committee; member of the Health Affairs Committee; member of the Technology Transfer and Research Committee; member of the Special Advisory Committee on the Brackenridge Tract; and a Regental Representative on the Board for Lease of University Lands; and

WHEREAS, Mr. Gary has provided outstanding leadership and judgment to UTIMCO through his dedicated service as Chairman of the Policy Committee and Member of the Board's Audit and Ethics Committee. **NOW, THEREFORE,**

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, 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 Printice Gary 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. Gary 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 of 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 22 day of July, 2013.

Agenda Item
UTIMCO Board of Directors Meeting
July 22, 2013

Agenda Item: Report from Risk Committee

Developed By: Staff

Presented By: Tate

Type of Item: Discussion item

Description: The Risk Committee ("Committee") met separately and jointly with the Policy Committee on July 9, 2013. The Committee's agenda included (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) discussion of Risk Committee's self-assessment. The joint meeting agenda included discussion and appropriate action related to proposed amendments to: a) investment policy statements, b) liquidity policy, c) derivative investment policy, d) delegation of authority policy, and e) mandate categorization procedure.

Discussion The Committee reviewed and approved the six mandate categorizations prepared by staff for the period beginning March 30, 2013, and ending June 21, 2013. The Committee will report to the UTIMCO Board the results of its review of the Investment Mandate Categorizations.

Mr. Zimmerman shared the findings of the Committee's Self-Assessment with the Committee. In accordance with the Charter of the Risk Committee, the Committee is required to evaluate its performance on a periodic basis. The Risk Committee completed its last self-assessment in June 2010.

The Committee reviewed the quarterly compliance reporting.

After the separate meeting was adjourned, the Committee had a joint meeting with the Policy Committee to discuss staff's recommended amendments to the Exhibits of the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Intermediate Term Fund, Permanent Health Fund, and Long Term Fund. The Committee also discussed Staff's recommended amendments to the Liquidity Policy, Derivative Investment Policy, Delegation of Authority Policy, and Mandate Categorization Procedure. The discussion of the Investment Policies is covered in the Report from the Policy Committee in Tab 4.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
July 22, 2013

Agenda Item: Report from Policy Committee: (1) Discussion and Appropriate Action Related to Investment Policy Statements; (2) Discussion and Appropriate Action Related to the Liquidity Policy; (3) Discussion and Appropriate Action Related to the Derivative Investment Policy; (4) Discussion and Appropriate Action Related to the Delegation of Authority Policy; (5) Discussion and Appropriate Action Related to the Mandate Categorization Procedure; and (6) Discussion and Appropriate Action Related to UTIMCO Bylaws.

Developed By: Staff

Presented By: Bass, Tate, Zimmerman

Type of Item: Action item; Action required by UTIMCO Board and by UT System Board of Regents related to proposed amendments to the Investment Policy Statements, Liquidity Policy, Derivative Investment Policy and UTIMCO Bylaws.

Description: The Policy Committee ("Committee") met on July 9, 2013, separately and jointly with the Risk Committee. The Committee's agenda included for the separate meeting: 1) discussion and appropriate action related to minutes of the April 11, 2013 meeting; 2) discussion and appropriate action related to UTIMCO Bylaws; and (4) discussion of Policy Committee's self-assessment. The joint meeting agenda included discussion and appropriate action related to proposed amendments to: a) investment policy statements, b) liquidity policy, c) derivative investment policy, d) delegation of authority policy, and e) mandate categorization procedure.

The Investment Management Services Agreement (IMSA) requires that UTIMCO review the current Investment Polices for each Fund at least annually. The review includes distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, and Fund, designated performance benchmarks for each Asset Class and/or Investment Type and such other matters as the U.T. Board or its staff designees may request.

The Bylaws may be altered, amended, or repealed by the Board of Directors of the Corporation with the approval of the UT Board. Section 66.08 of the *Texas Education Code* requires that the UT Board approve the articles of incorporation and bylaws of the Corporation and any amendment to the articles of incorporation or bylaws. The Bylaws of UTIMCO were initially approved by the UT Board on February 8, 1996, and have been restated various times to include amendments adopted; the most recent amendment of the Bylaws occurred on August 25, 2011.

Discussion:

Investment Policies
Exhibit A of the Investment Policy Statements of the PUF, GEF and ITF and Exhibit B of the Investment Policy Statements for the PHF and LTF have been amended to reflect the proposed changes. Attachment 1 reflects these proposed changes to the PUF, GEF, PHF, and LTF. Attachment 2 reflects the proposed changes to the ITF. In addition, the following Investment Policies were submitted to the Risk and Policy Committees for approval of amendments:

- Liquidity Policy (effective August 22, 2013)
- Derivative Investment Policy (effective August 22, 2013)
- Delegation of Authority Policy (effective July 22, 2013)
- Mandate Categorization Procedure (effective July 22, 2013)

The Short Term Fund (STF) Investment Policy Statement and the Separately Invested Funds (SIF) Investment Policy Statement were reviewed by staff and there are no recommended amendments. The STF Investment Policy Statement and SIF Investment Policy Statement were amended by the Board of Regents in August 2012.

Exhibits to the Investment Policy Statements
Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF, and ITF, have been amended to reflect changes proposed for FY 14.

Attachment 1 sets forth the revised Policy Portfolio Asset Class and Investment Type targets and ranges for FY 2014 in Exhibits A of the PUF and GEF, and Exhibits B in the PHF and LTF Investment Policy Statements. Attachment 2 sets forth the revised Policy Portfolio Asset Class and Investment Type targets and ranges for FY 2014 in Exhibit A of the ITF Investment Policy Statement. Finally, the Policy Benchmarks and Expected Annual Return (Benchmark) target for FY 2014 have been updated and the one year downside deviation has been adjusted to reflect the revised Asset Class and Investment Type targets for FY 2014.

Liquidity Policy
The Liquidity Policy has been amended to change the ranges and trigger zones for the ITF as follows:

Page 3, Liquidity Policy Profile ranges and trigger zones for the ITF in the table are being changed for FY14 and going forward.

	FY 09-11	**FY 12-13**	**FY 14+**
Liquidity above trigger zone:	65%	55%	50%
Liquidity within trigger zone:	55%-65%	50%-55%	45%-50%
Liquidity below trigger zone:	<55%	<50%	<45%

Page 3, paragraph after table, allowable range for illiquid investments is changed from “0% to 50%” to “0% to 55%” of the total portfolio for the ITF.

Page 3, paragraph after table, illiquid investments in the trigger zone requiring prior approval by the Risk Committee or the UTIMCO Board are changed from “45% to 50%” to “50% to 55%”.

Derivative Investment Policy
The Derivative Investment Policy has been amended to require that all over the counter (OTC) derivatives, with the exception of bona fide spot foreign exchange transactions, be subject to established ISDA Netting Agreements (ISDAs) and have full documentation of all legal obligations of the Board of Regents of The University of Texas System funds consistent with Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) Protocol 2.0, which requires most FX derivatives swaps to trade under an International Swaps and Derivatives Association (ISDA) Master Agreement beginning July 1, 2013.

The changes to the Derivative Investment Policy are as follows:
Page 1, Definition of Derivatives, “foreign currency contracts that mature within thirty (30) days of initial settlement” has been replaced with “Bona Fide Spot Foreign Exchange Transactions”.

Page 3, Counterparty Risks, “foreign currency contracts that mature within 91 days of initial settlement and are traded with a counterparty that has been pre-approved by UTIMCO” has been replaced by “Bona Fide Spot Foreign Exchange Transactions”.

Page 4, Glossary of Terms, a definition of “Bona Fide Spot Foreign Exchange Transactions” has been added.

Delegation of Authority Policy
The Delegation of Authority Policy has been amended to increase all investment type limitations for both new mandates and increases to existing mandates by 25%, allow increases to co-investments (i.e., participation in subsequent financing rounds) of $50M; set the maximum delegated authority for all managers except MCC Investment Grade Fixed Income at $750 million; and set MCC Investment Grade Fixed Income maximum delegated authority at $1.1 billion.

Pages 3-4, increasing investment type limitations for both new and follow-on investments as follows:

(in millions)	New Mandates		Increases	
	Current	Proposed	Current	Proposed
MCC	400	500	200	250
LCC	200	250	100	125
Private Investment	100	125	150	175
Co-Investment	50	50	-	50

Page 5, Terms Applicable to All Internal and External Managers, has been added as a new section to consolidate requirements applicable to all managers that were previously set out twice in the policy, once for new mandates and a second time for increases to mandates. Changes also incorporate a single limit for all investment types and for both new and existing managers with the exception of MCC Investment Grade Fixed Income managers, which have a higher limit. The changes are set forth in the table below:

(in millions)	Maximum for Manager	
	Current	Proposed
MCC - IGFI	600	1,100
MCC – all other	600	750
LCC	500	750
Private Investment	-	750

Page 4, deleted language related to “Any commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted” because no commitment is permissible that would result in a violation of a UTIMCO Policy.

Page 6, deleted language related to “Any increase in investment or commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted” because no increase in investment or commitment is permissible that would result in a violation of a UTIMCO Policy.

Minor editorial changes have also been made as well as changes to standardize language.

Mandate Categorization Procedure
The Mandate Categorization Procedure has been amended to delete the requirement to perform an annual review of all mandate categorizations. Because Staff reviews the categorization of mandates before each quarterly Risk Committee meeting, Staff believes the annual review process is redundant and should be removed from the Procedure.

The changes to the Mandate Categorization Procedure are as follows:

Page 3, 3rd paragraph, deleting requirement to have an annual review of all mandate categorizations.

UTIMCO Bylaws

UTIMCO staff is proposing to amend Article III, Sections 3 and 8 (pages 3 and 4) and Article V, Section 6 (page 7) to incorporate the effects of SB 1604, 83rd Legislature, Regular Session, which was signed into law by Governor Rick Perry on June 14, 2013, and effective immediately. SB 1604 amends Section 66.08 of the *Texas Education Code* to provide that the Chancellor of The University of Texas System may but is not required to serve as a Director on the UTIMCO Board. The Corporation's Bylaws are being amended to give effect to the requirements of this legislation.

The Committee also heard a report from Mr. Zimmerman describing the findings of the Committee's Self-Assessment. In accordance with the Charter of the Policy Committee, the Committee is required to evaluate its performance on a periodic basis. The Policy Committee completed its last self-assessment in June 2010.

Recommendation: The Policy and Risk Committees recommend approval by the UTIMCO Board the proposed amendments to the Investment Policy Statements for the PUF, GEF, PHF, LTF, and ITF for the fiscal year beginning September 1, 2013. The Policy and Risk Committees also recommend approval by the Board the proposed amendments to the Liquidity Policy and Derivative Investment Policy, effective August 22, 2013, and Delegation of Authority Policy and Mandate Categorization Procedure, effective July 22, 2013. The Policy Committee recommends approval by the Board the UTIMCO Bylaws, effective August 22, 2013

Reference: *Annual Investment Policy Review* presentation
Attachment 1 - Exhibits to Investment Policy Statements for the PUF, GEF, PHF, and LTF, effective September 1, 2013
Attachment 2 – Exhibit A to Investment Policy Statement for the ITF, effective September 1, 2013
Liquidity Policy, effective August 22, 2013
Derivative Investment Policy, effective August 22, 2013
Mandate Categorization Procedure, effective July 22, 2013
UTIMCO Bylaws, effective August 22, 2013

RESOLUTION RELATED TO INVESTMENT POLICIES and UTIMCO BYLAWS

RESOLVED, that amendments to the Exhibits A of the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, and Intermediate Term Fund and Exhibits B of the Investment Policy Statements of the Permanent Health Fund and Long Term Fund; and amendments to the Liquidity Policy, Derivative Investment Policy, and UTIMCO Bylaws, as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

FURTHER RESOLVED, that the amendments to the Delegation of Authority Policy and Mandate Categorization Procedure, as presented be, and are hereby, approved.

UTIMCO 1996

THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY

Annual Investment Policy Review

June 2013

Annual Policy Review

- The University of Texas System Board of Regents (the “Regents”) require an annual review of all Investment Policies (the “Policies”), although no changes to the Policies are required
- UTIMCO staff initiates this review by presenting recommendations to a joint Risk-Policy Committee meeting, which is then followed by a UTIMCO Board meeting. The process culminates at a Regents meeting, where the Policies are ultimately determined
- Four years ago, staff presented a Long Term Strategic Asset Allocation (“LTSAA”) plan for the Endowments, providing a longer-term context to help guide the annual discussions
- This year, staff will present a second, five-year horizon LTSAA for the Endowments, as a guide to the FY2014 recommendations
- Staff is recommending slight changes to the Endowments and to Intermediate Term Fund
- Staff is recommending changes to the Delegation of Authority Policy to reflect the increase in assets under management, and the natural concentration in Investment Grade Fixed Income
- Staff is also recommending minor changes to the Liquidity Policy, the Mandate Categorization Procedure, and the Derivative Investment Policy

Endowments

- Context
- Private Investment Analysis Recap
- New Long Term Strategic Asset Allocation and FY2014 Recommendations

Context

June 30, 2007 Portfolio

When current management arrived, the Endowments' portfolio consisted of:

- 13% in investment grade bonds
- 2% in Credit
- 12% in Real Assets, primarily in long only, including 4% in a commodity index
- 40% in Public Equity, with three times as much in Developed Countries as Emerging Markets
- 8.5% in Private Investments, primarily in large buyouts and venture capital

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	13.0%	3.0%	0.0%	**16.0%**
	Credit Related	0.0%	1.0%	1.2%	**2.2%**
	Fixed Income Total	**13.0%**	**4.0%**	**1.2%**	**18.2%**
Real Assets	Real Estate	6.0%	0.0%	0.0%	**6.0%**
	Natural Resources	4.0%	1.0%	0.8%	**5.8%**
	Real Assets Total	**10.0%**	**1.0%**	**0.8%**	**11.8%**
Equity	Developed Country	31.5%	22.0%	6.4%	**59.9%**
	Emerging Market	9.0%	1.0%	0.1%	**10.1%**
	Equity Total	**40.5%**	**23.0%**	**6.5%**	**70.0%**
	TOTAL	**63.5%**	**28.0%**	**8.5%**	**100.0%**

Long-Term Strategic Asset Allocation

In 2009, Staff proposed a Long Term Strategic Asset Allocation ("LTSAA")

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	7.5%	2.0%	0.0%	**9.5%**
	Credit Related	0.0%	3.0%	2.5%	**5.5%**
	Fixed Income Total	**7.5%**	**5.0%**	**2.5%**	**15.0%**
Real Assets	Real Estate	3.5%	0.0%	5.0%	**8.5%**
	Natural Resources	5.5%	1.0%	5.0%	**11.5%**
	Real Assets Total	**9.0%**	**1.0%**	**10.0%**	**20.0%**
Equity	Developed Country	16.0%	20.0%	9.0%	**45.0%**
	Emerging Market	12.0%	4.0%	4.0%	**20.0%**
	Equity Total	**28.0%**	**24.0%**	**13.0%**	**65.0%**
	TOTAL	**44.5%**	**30.0%**	**25.5%**	**100.0%**

LTSAA vs June 30, 2007

The LTSAA called for

Reductions in

- Investment Grade Bonds
- Real Estate Public Equity
- Developed Country Public Equity

Increases in

- Credit
- Real Assets, primarily Private Investments
- Emerging Markets Private Investments
- Recognition of the increase in Developed Country Private Investments due to previous years' commitments

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	(5.5%)	(1.0%)	0.0%	**(6.5%)**
	Credit Related	0.0%	2.0%	1.3%	**3.3%**
	Fixed Income Total	**(5.5%)**	**1.0%**	**1.3%**	**(3.2%)**
Real Assets	Real Estate	(2.5%)	0.0%	5.0%	**2.5%**
	Natural Resources	1.5%	0.0%	4.2%	**5.7%**
	Real Assets Total	**(1.0%)**	**0.0%**	**9.2%**	**8.2%**
Equity	Developed Country	(15.5%)	(2.0%)	2.6%	**(14.9%)**
	Emerging Market	3.0%	3.0%	3.9%	**9.9%**
	Equity Total	**(12.5%)**	**1.0%**	**6.5%**	**(5.0%)**
	TOTAL	**(19.0%)**	**2.0%**	**17.0%**	**0.0%**

Current Asset Allocation (as of May 31, 2013)

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	7.4%	3.0%	0.0%	**10.4%**
	Credit Related	0.1%	5.1%	4.9%	**10.1%**
	Fixed Income Total	**7.5%**	**8.1%**	**4.9%**	**20.5%**
Real Assets	Real Estate	2.6%	0.5%	2.9%	**6.0%**
	Natural Resources	9.5%	0.0%	4.5%	**14.0%**
	Real Assets Total	**12.1%**	**0.5%**	**7.4%**	**20.0%**
Equity	Developed Country	14.4%	19.2%	11.3%	**44.9%**
	Emerging Market	10.4%	2.0%	2.6%	**15.0%**
	Equity Total	**24.8%**	**21.2%**	**13.9%**	**59.9%**
	TOTAL	**44.4%**	**29.8%**	**26.2%**	**100.4%**

Current Asset Allocation vs Long-Term Strategic Asset Allocation

The current portfolio is remarkably similar to the LTSAA

Overweights
- Credit
- Gold

Underweights
- Slower ramp-up in Private Real Estate, Natural Resources, and Emerging Markets
- Public Equity

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	(0.1%)	1.0%	0.0%	**0.9%**
	Credit Related	0.1%	2.1%	2.4%	**4.6%**
	Fixed Income Total	**0.0%**	**3.1%**	**2.4%**	**5.5%**
Real Assets	Real Estate	(0.9%)	0.5%	(2.1%)	**(2.5%)**
	Natural Resources	4.0%	(1.0%)	(0.5%)	**2.5%**
	Real Assets Total	**3.1%**	**(0.5%)**	**(2.6%)**	**0.0%**
Equity	Developed Country	(1.6%)	(0.8%)	2.3%	**(0.1%)**
	Emerging Market	(1.6%)	(2.0%)	(1.4%)	**(5.0%)**
	Equity Total	**(3.2%)**	**(2.8%)**	**0.9%**	**(5.1%)**
	TOTAL	**(0.1%)**	**(0.2%)**	**0.7%**	**0.4%**

Private Investment Analysis Recap

Private Investments

Summary of Recent Analysis

Staff has reviewed the private investment program in detail over the past several months, examining the following questions:

- What returns are sufficient to support what levels of illiquidity risk?
- What liquidity needs limit illiquidity exposure?
- What is staff's ability to deploy illiquid investments and generate attractive returns?

Components of Required Returns

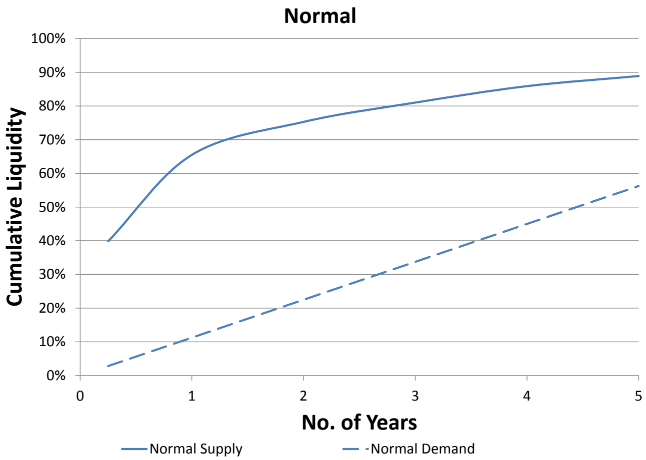
Depending on the weighted average life of the illiquid investment, which varies by asset class, required returns to justify illiquidity risk range from 10.4% to 16.4%

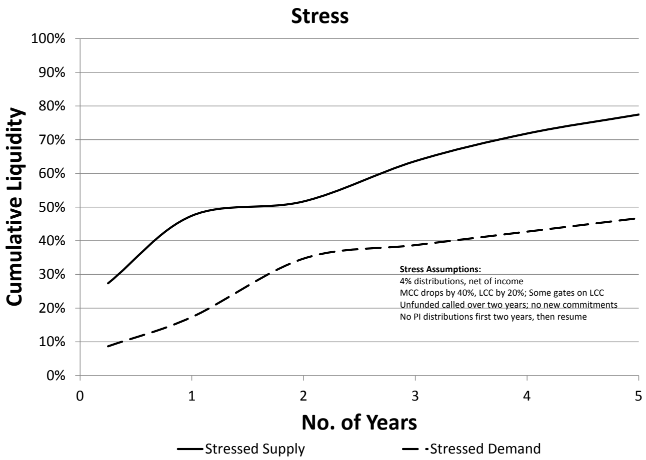
Asset Class	Premium for Locking up Capital	Uncertainty Premium	Call Liquidity Premium	**Total Illiquidity Premium**	**Required Returns Illiquidity Premium plus Liquid Alternative**	
					Short-term	Long-term
Credit	3.50%	0.50%	0.40%	**4.40%**	**10.40%**	**11.90%**
Real Estate	3.20%	0.60%	0.30%	**4.10%**	**11.90%**	**13.10%**
Nat Res	3.70%	0.60%	0.30%	**4.60%**	**12.60%**	**12.70%**
Buyouts	3.60%	0.50%	0.70%	**4.80%**	**12.90%**	**14.30%**
Venture	4.00%	0.80%	0.80%	**5.60%**	**13.70%**	**15.10%**
Emerging	3.90%	0.70%	0.80%	**5.40%**	**14.90%**	**16.40%**

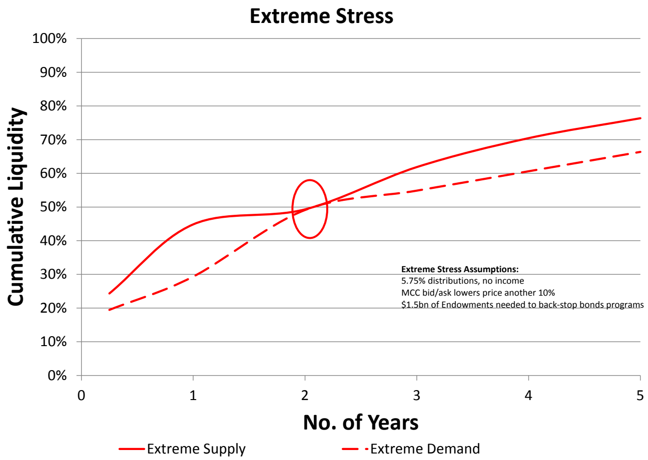
Liquidity Supply and Demand

MCC: 37% LCC: 30% PI: 33%

- Analysis indicates that even in periods of extreme stress, adequate liquidity would exist with a portfolio that includes 33% in Private Investments and 30% in LCC







Analysis of Liquidity Crisis

- With 33% of assets in Private Investments and 30% in LCC at the start of a crisis, at the depth of an extreme crisis the portfolio is projected to consist of 22% in MCC, 27% in LCC, and 50% in Private Investments

Steady State

Asset Class / Investment Type	$	Percent of Total
Inv. Grade Fixed Income	$1.5B	7.5%
Gold	0.9	4.5%
Public Eq. and Comm.	5.0	25.0%
MCC	7.4	37.0%
LCC	6.0	30.0%
PI	6.6	33.0%
TOTAL	**$20.0B**	**100.0%**

Onset of Crisis

Asset Class / Investment Type	$	Percent of Total
Inv. Grade Fixed Income	$1.5B	9.2%
Gold	0.9	5.5%
Public Eq. and Comm.	2.5	15.3%
MCC	4.9	30.0%
LCC	4.8	29.5%
PI	6.6	40.5%
TOTAL	**$16.3B**	**100.0%**

Year 1 of Crisis

Asset Class / Investment Type	$	Percent of Total
Inv. Grade Fixed Income	$1.2B	8%
Gold	0.7	5%
Public Eq. and Comm.	1.8	12%
MCC	3.7	25%
LCC	4.5	31%
PI	6.5	44%
TOTAL	**$14.7B**	**100%**

Year 2 of Crisis (trough)

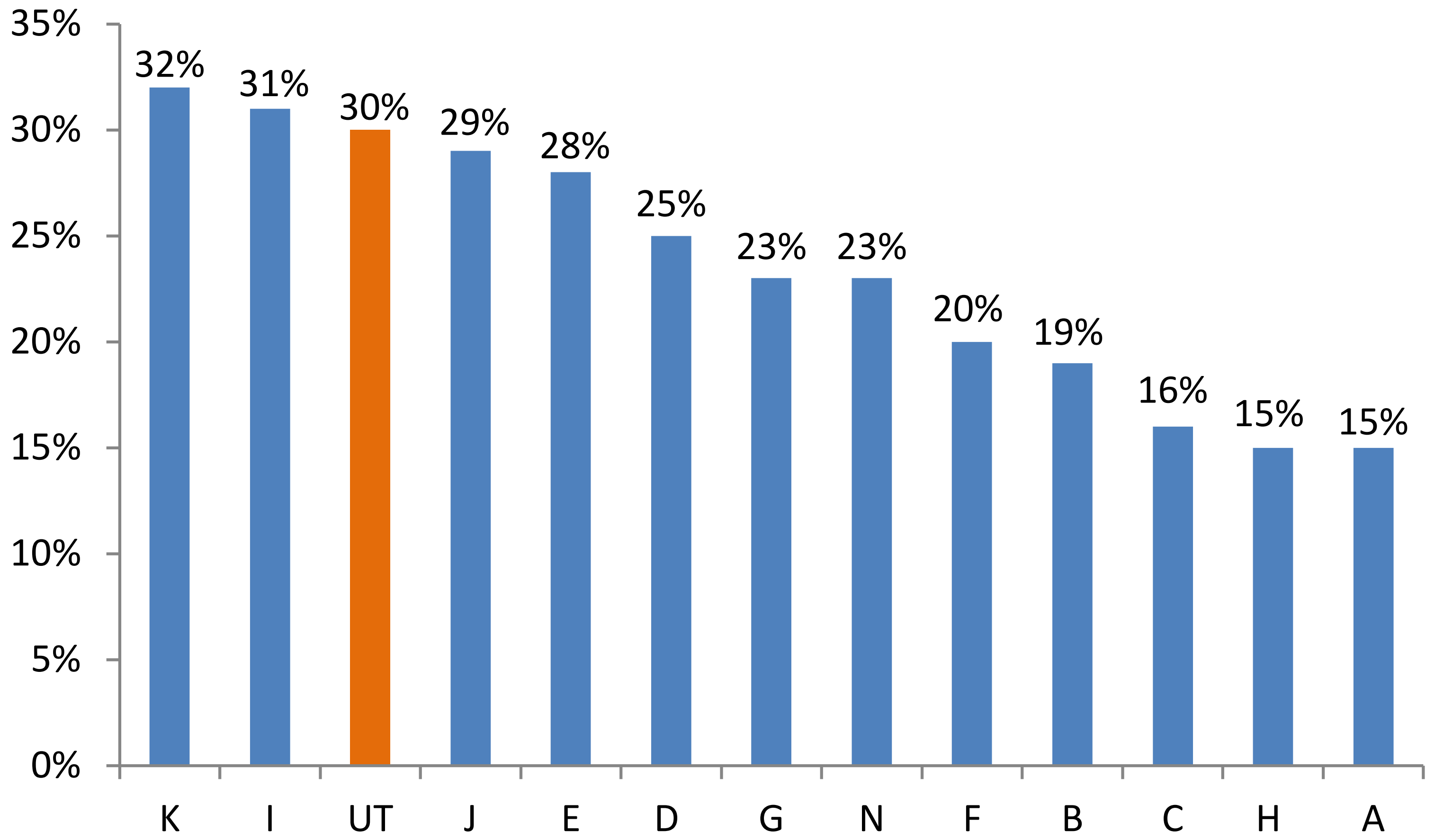
Asset Class / Investment Type	$	Percent of Total
Inv. Grade Fixed Income	$1.0B	7.0%
Gold	0.6	4.2%
Public Eq. and Comm.	1.6	11.2%
MCC	3.2	22.4%
LCC	3.9	27.3%
PI	7.2	50.3%
TOTAL	**$14.3B**	**100.0%**

UTIMCO Actual Experience vs "Going-Forward" Required Return

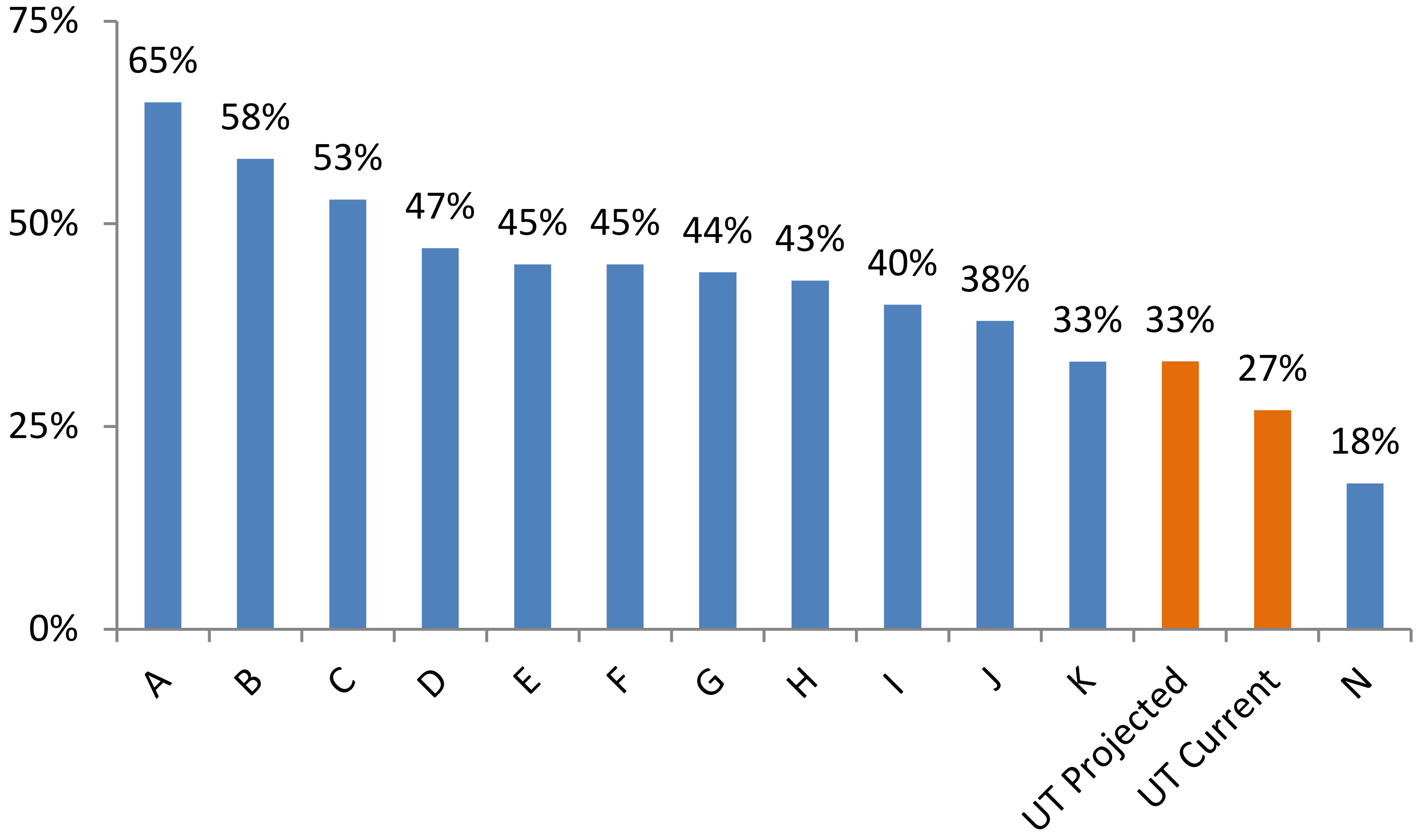
- Staff has demonstrated strong ability to deliver required returns in Natural Resources and moderate ability to deliver required returns in Credit and Venture
- Staff will need to improve its track record in Buyouts
- Staff does not have a sufficient track record in Real Estate or Emerging Markets from which to draw meaningful conclusions

Asset Class	UTIMCO's Percentile Performance	**Projected "Going Forward" Returns** Based on premium over 10-year treasuries	5-year treasuries	relevant MCC liquid investment	**Hurdle**
Credit	**67%**	**10.4%**	**9.8%**	**9.4%**	**10.5% - 12.0%**
Real Estate	**N/M**	**10.4%**	**9.7%**	**5.9%**	**12.0% - 13.0%**
Natural Resources	**72%**	**21.1%**	**20.7%**	**14.6%**	**12.5% - 13.0%**
Buyouts	**55%**	**10.4%**	**9.6%**	**12.4%**	**13.0% - 14.5%**
Venture	**65%**	**13.2%**	**12.3%**	**16.2%**	**14.0% - 15.0%**
Emerging	**N/M**	**3.7%**	**2.9%**	**5.4%**	**15.0% - 16.5%**

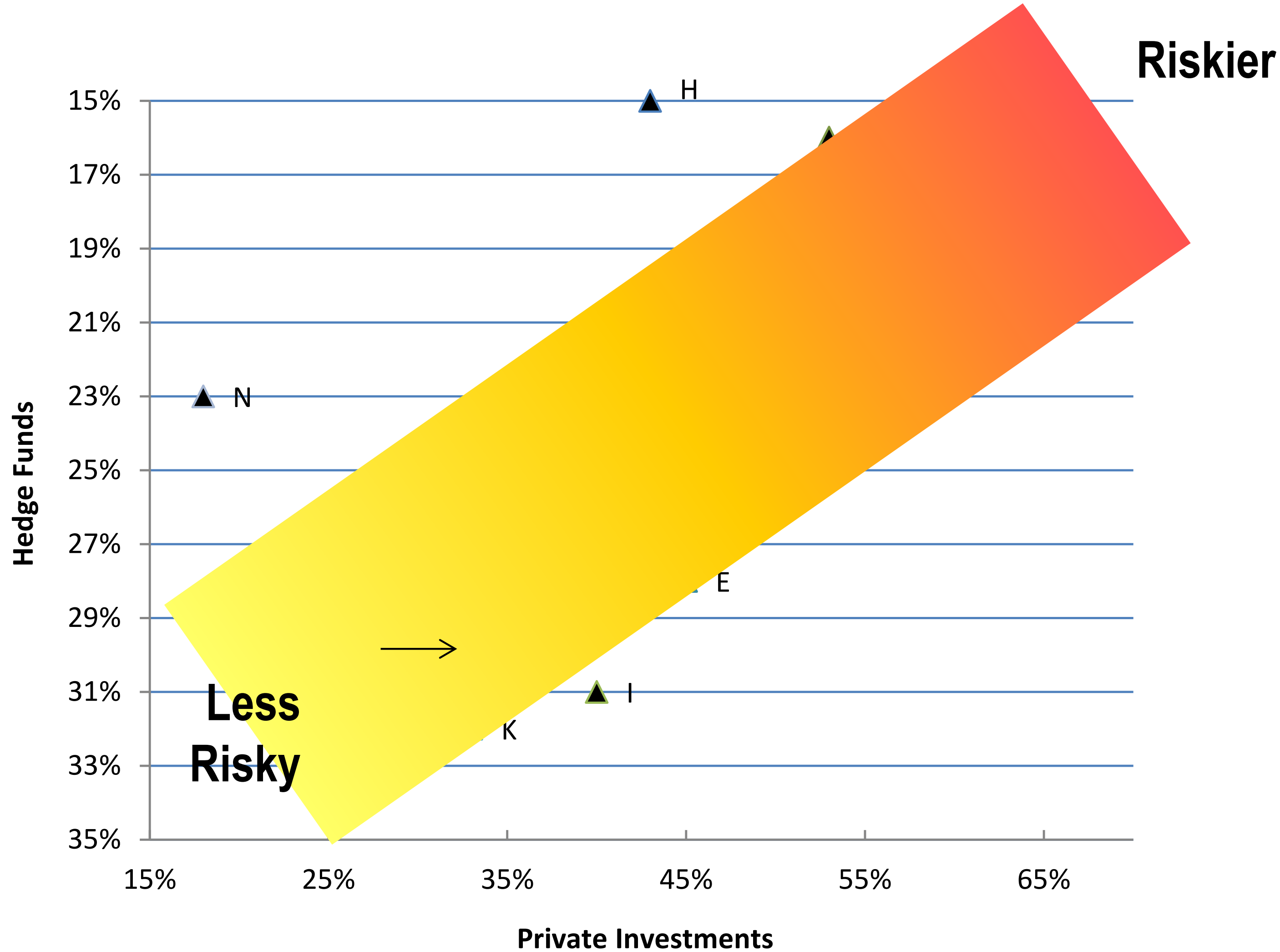
Hedge Funds/Total Assets



Private Investments/Total Assets



Qualitative Risk Measurement

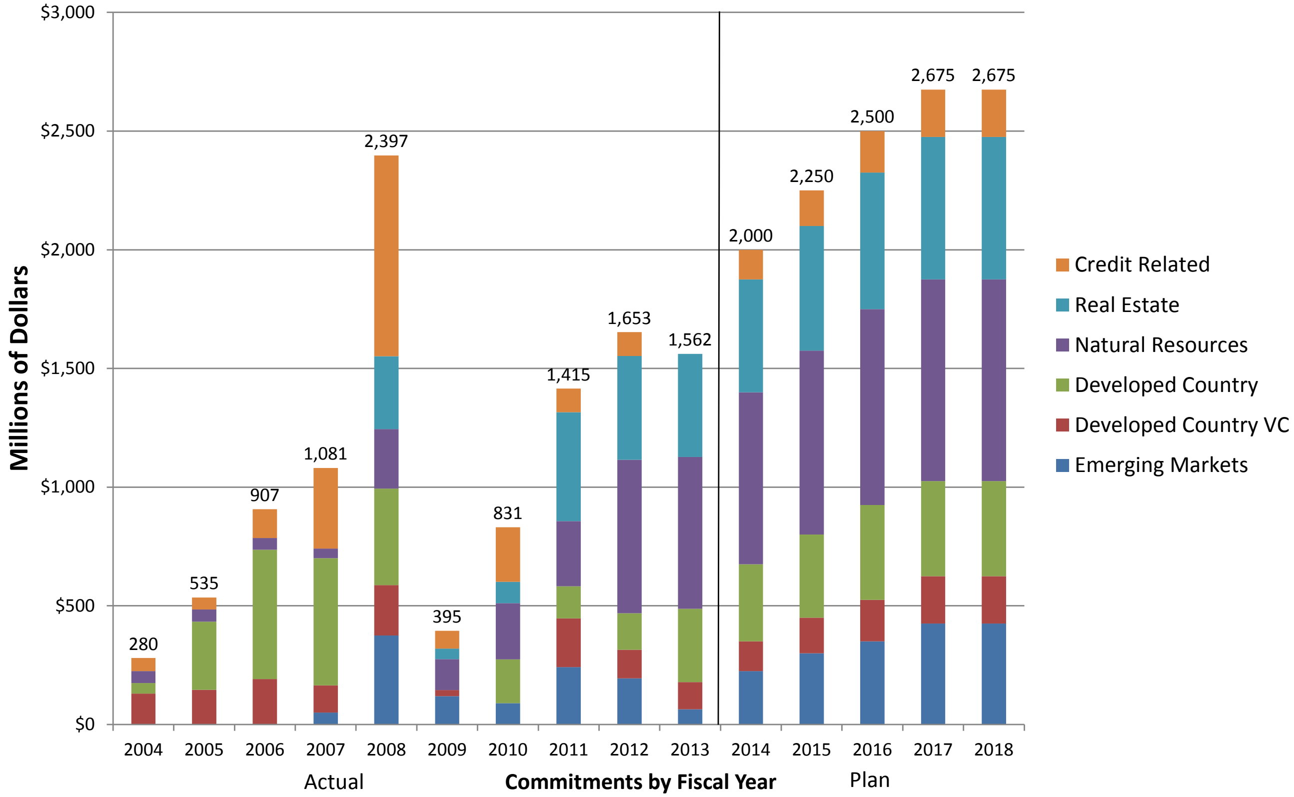


New LTSAA and FY2014 Recommendation

Private Investments

Review of Commitment Targets

- The new LTSAA calls for a continued, disciplined increase in Private Investments
- This is implemented by a commitment plan calling for an increase of annual commitments from the current $1.5B level to a $2.0B - $2.5B level



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commitments as percent of assets	2.3%	3.7%	5.8%	5.9%	13.6%	2.6%	5.0%	7.2%	8.0%	6.8%	8.2%	8.6%	9.0%	9.1%	8.5%

Long-Term Strategic Asset Allocation

Fiscal Year End 2018

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	7.5%	3.0%	0.0%	**10.5%**
	Credit Related	0.0%	4.0%	2.0%	**6.0%**
	Fixed Income Total	**7.5%**	**7.0%**	**2.0%**	**16.5%**
Real Assets	Real Estate	2.0%	0.0%	8.0%	**10.0%**
	Natural Resources	7.0%	1.0%	8.0%	**16.0%**
	Real Assets Total	**9.0%**	**1.0%**	**16.0%**	**26.0%**
Equity	Developed Country	12.5%	20.0%	10.0%	**42.5%**
	Emerging Market	8.0%	2.0%	5.0%	**15.0%**
	Equity Total	**20.5%**	**22.0%**	**15.0%**	**57.5%**
	TOTAL	**37.0%**	**30.0%**	**33.0%**	**100.0%**

Expected Annual Return: 7.47%

One Year Downside Deviation: 9.09%

Long-Term Strategic Asset Allocation

2018 vs. May 31, 2013

- The new LTSAA calls for
  - Continued increase in Real Estate, Natural Resources, and Emerging Markets Private Equity
  - Continued reduction in Credit
  - Reduction in Natural Resources long-only exposure (gold, commodities, and/or public equities)
  - Reduction in Developed Country and Emerging Markets Public Equity

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	0.1%	0.0%	0.0%	**0.1%**
	Credit Related	(0.1%)	(1.1%)	(2.9%)	**(4.1%)**
	Fixed Income Total	**0.0%**	**(1.1%)**	**(2.9%)**	**(4.0%)**
Real Assets	Real Estate	(0.6%)	(0.5%)	5.1%	**4.0%**
	Natural Resources	(2.5%)	1.0%	3.5%	**2.0%**
	Real Assets Total	**(3.1%)**	**0.5%**	**8.6%**	**6.0%**
Equity	Developed Country	(1.9%)	0.8%	(1.3%)	**(2.4%)**
	Emerging Market	(2.4%)	0.0%	2.4%	**0.0%**
	Equity Total	**(4.3%)**	**0.8%**	**1.1%**	**(2.4%)**
	TOTAL	**(7.4%)**	**0.2%**	**6.8%**	**(0.4%)**

Long-Term Strategic Asset Allocation

The Path to 2018

- Implementation of the new LTSAA calls for a gradual increase in Private Investments, which should provide a slight increase in returns, a slight decrease in downside risk, and a decrease in liquidity

	End of Fiscal Year					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
Private Investments	26.4%	28.5%	30.3%	31.4%	32.2%	33.0%
Projected Real Returns	4.85%	4.90%	4.93%	4.94%	4.95%	4.97%
Projected Nominal Returns	7.35%	7.40%	7.43%	7.44%	7.45%	7.47%
Projected Downside Risk	9.23%	9.30%	9.20%	9.15%	9.11%	9.09%
Projected Liquidity	43%	40%	38%	37%	36%	35%

2014 Proposed Policy

- The recommended 2014 asset allocation targets provide a slight increase in returns and a slight decrease in downside risk

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	7.5%	3.0%	0.0%	**10.5%**
	Credit Related	0.0%	5.0%	3.8%	**8.8%**
	Fixed Income Total	**7.5%**	**8.0%**	**3.8%**	**19.3%**
Real Assets	Real Estate	2.5%	0.5%	5.2%	**8.2%**
	Natural Resources	7.5%	0.0%	5.8%	**13.3%**
	Real Assets Total	**10.0%**	**0.5%**	**11.0%**	**21.5%**
Equity	Developed Country	14.0%	19.5%	10.3%	**43.8%**
	Emerging Market	10.0%	2.0%	3.4%	**15.4%**
	Equity Total	**24.0%**	**21.5%**	**13.7%**	**59.2%**
	TOTAL	**41.5%**	**30.0%**	**28.5%**	**100.0%**

	FY2013 Policy	Proposed Policy
Expected Annual Nominal Return:	7.36%	7.40%
One Year Downside Risk:	9.45%	9.30%

Proposed FY2014 Policy vs. FY2013 Policy

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	0.0%	1.0%	0.0%	**1.0%**
	Credit Related	0.0%	2.0%	1.3%	**3.3%**
	Fixed Income Total	**0.0%**	**3.0%**	**1.3%**	**4.3%**
Real Assets	Real Estate	0.0%	0.5%	1.2%	**1.7%**
	Natural Resources	0.0%	(1.0%)	0.8%	**(0.2%)**
	Real Assets Total	**0.0%**	**(0.5%)**	**2.0%**	**1.5%**
Equity	Developed Country	(1.0%)	(0.5%)	0.3%	**(1.2%)**
	Emerging Market	(2.0%)	(2.0%)	(0.6%)	**(4.6%)**
	Equity Total	**(3.0%)**	**(2.5%)**	**(0.3%)**	**(5.8%)**
	TOTAL	**(3.0%)**	**0.0%**	**3.0%**	**0.0%**

Proposed FY2014 Policy vs. May 31, 2013

- The FY2014 Policy recommendations relative to the current portfolio are largely “built in” changes to private credit, real estate, natural resources, and emerging markets

		More Correlated and Constrained (Long Only)	Less Correlated and Constrained (Hedge Funds)	Private Investments	TOTAL
Fixed Income	Investment Grade	0.1%	0.0%	0.0%	**0.1%**
	Credit Related	(0.1%)	(0.1%)	(1.1%)	**(1.3%)**
	Fixed Income Total	**0.0%**	**(0.1%)**	**(1.1%)**	**(1.2%)**
Real Assets	Real Estate	(0.1%)	0.0%	2.3%	**2.2%**
	Natural Resources	(2.0%)	0.0%	1.3%	**(0.7%)**
	Real Assets Total	**(2.1%)**	**0.0%**	**3.6%**	**1.5%**
Equity	Developed Country	(0.4%)	0.3%	(1.0%)	**(1.1%)**
	Emerging Market	(0.4%)	0.0%	0.8%	**0.4%**
	Equity Total	**(0.8%)**	**0.3%**	**(0.2%)**	**(0.7%)**
	TOTAL	**(2.9%)**	**0.2%**	**2.3%**	**(0.4%)**

THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Intermediate Term Fund

Intermediate Term Fund

- Investment Objectives
- Institutional Ownership
- Allocation and Return History
- Proposed Policy Changes
- Liquidity Implications

Investment Objectives

Investment Objectives

- In 2006, the Regents created the Intermediate Term Fund ("ITF") to provide a vehicle through which UT System Institutions could invest their non-endowment and non-short term assets

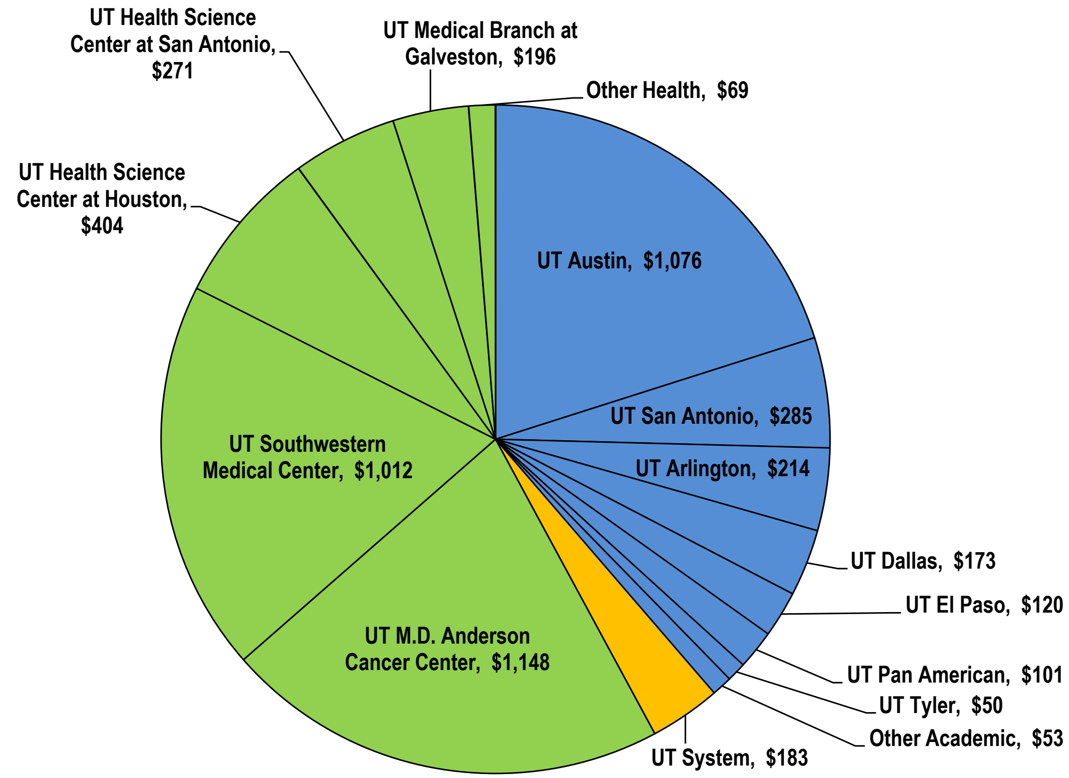
- The ITF's investment objective is to preserve purchasing power of the Fund and to earn, net of expenses, inflation (CPI) + 3% over rolling 5 year periods

Institutional Ownership

ITF Ownership
April 30, 2013

- ITF ownership is split:
  - 58% Health institutions
  - 39% Academic institutions
  - 3% UT System
- M.D. Anderson, UT Austin, and Southwestern represent 60% of total ITF assets

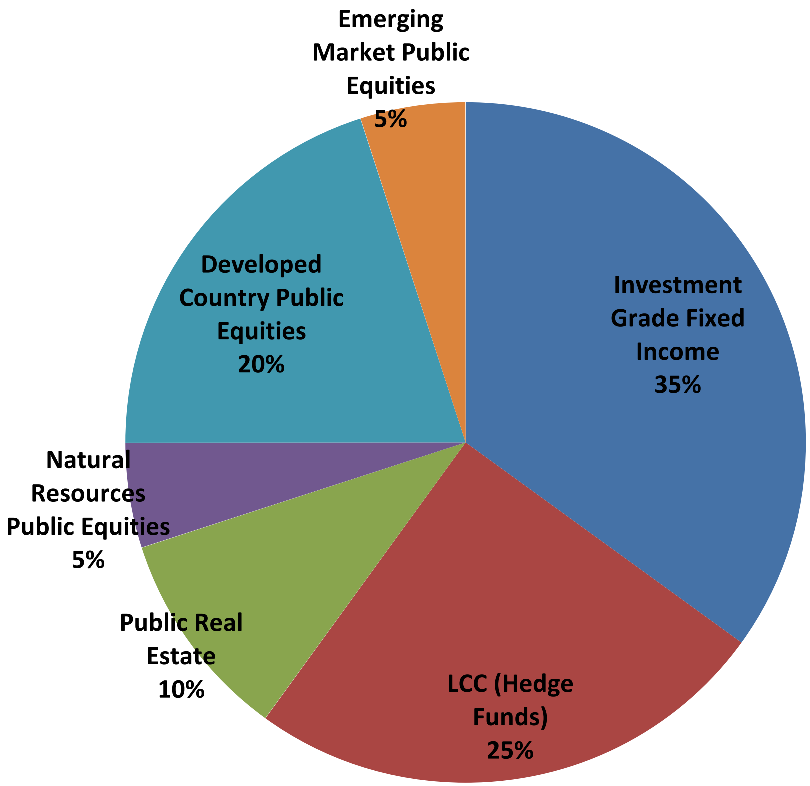
$5.5 Billion



Asset Allocation and Return History

Initial 2006 Investment Strategy

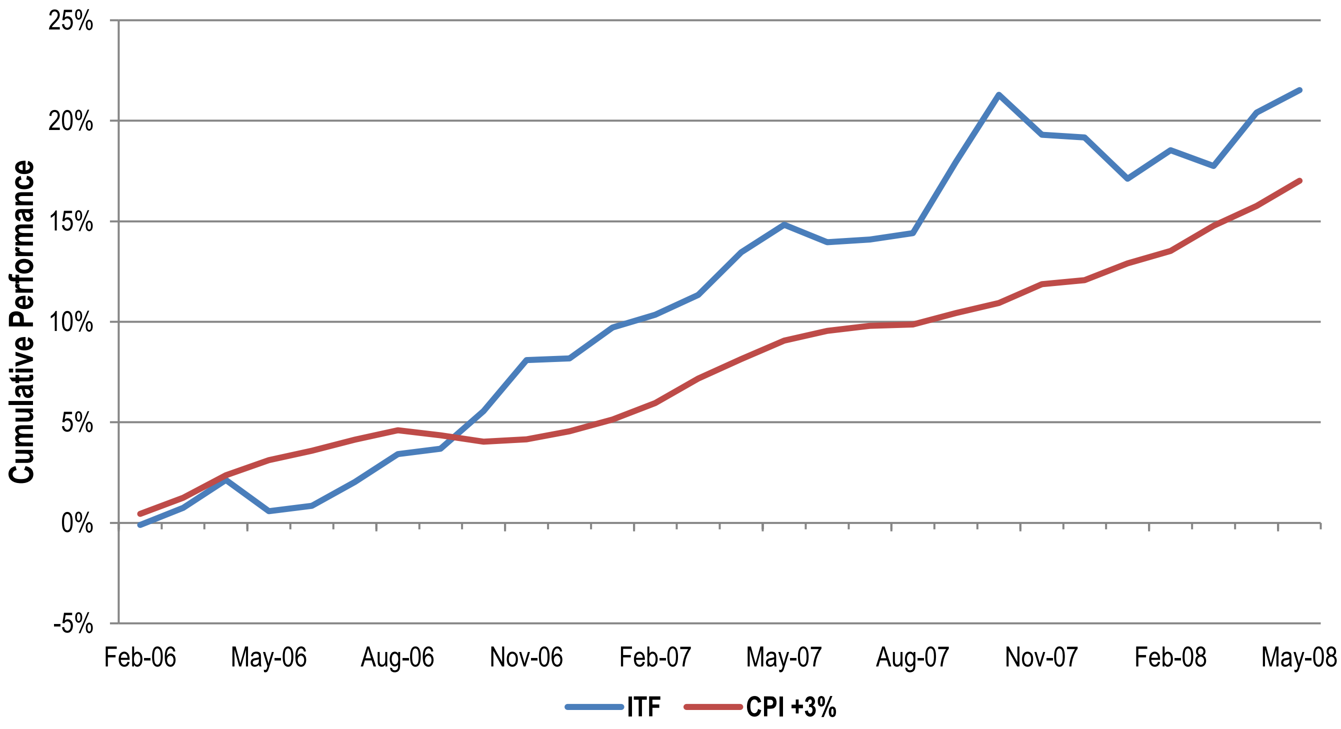
- The initial ITF investment strategy targeted:
  - 40% in Public Equity
  - 35% in IGFI
  - 25% in LCC



Projected Return:	7.16%
Projected Downside Risk:	6.38%

Investment Returns: Inception through May 2008

- For the first 27 months, the ITF performed above projections.

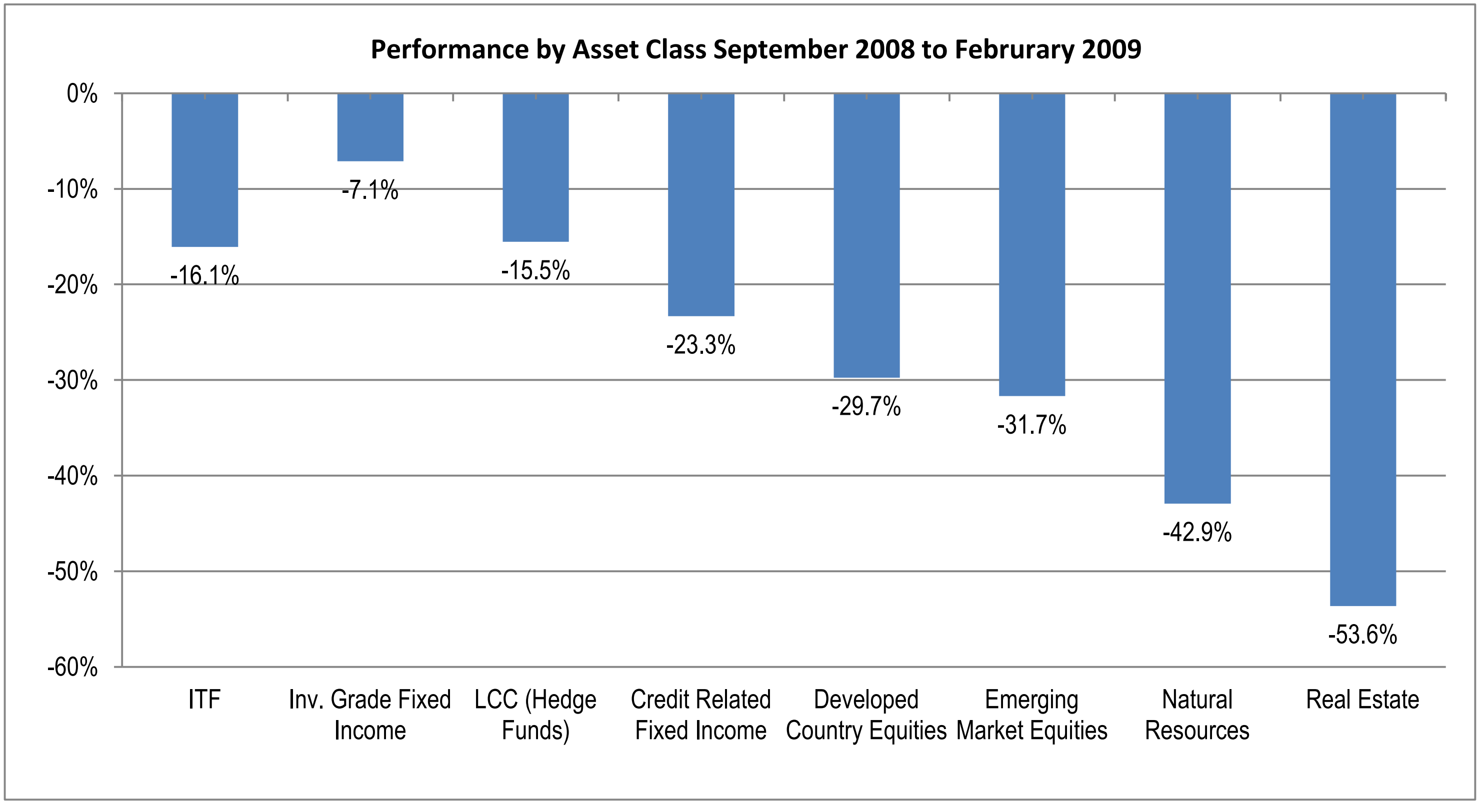


February 2006 to May 2008
Actual Performance
(annualized)

Return	8.7%
Risk	4.4%

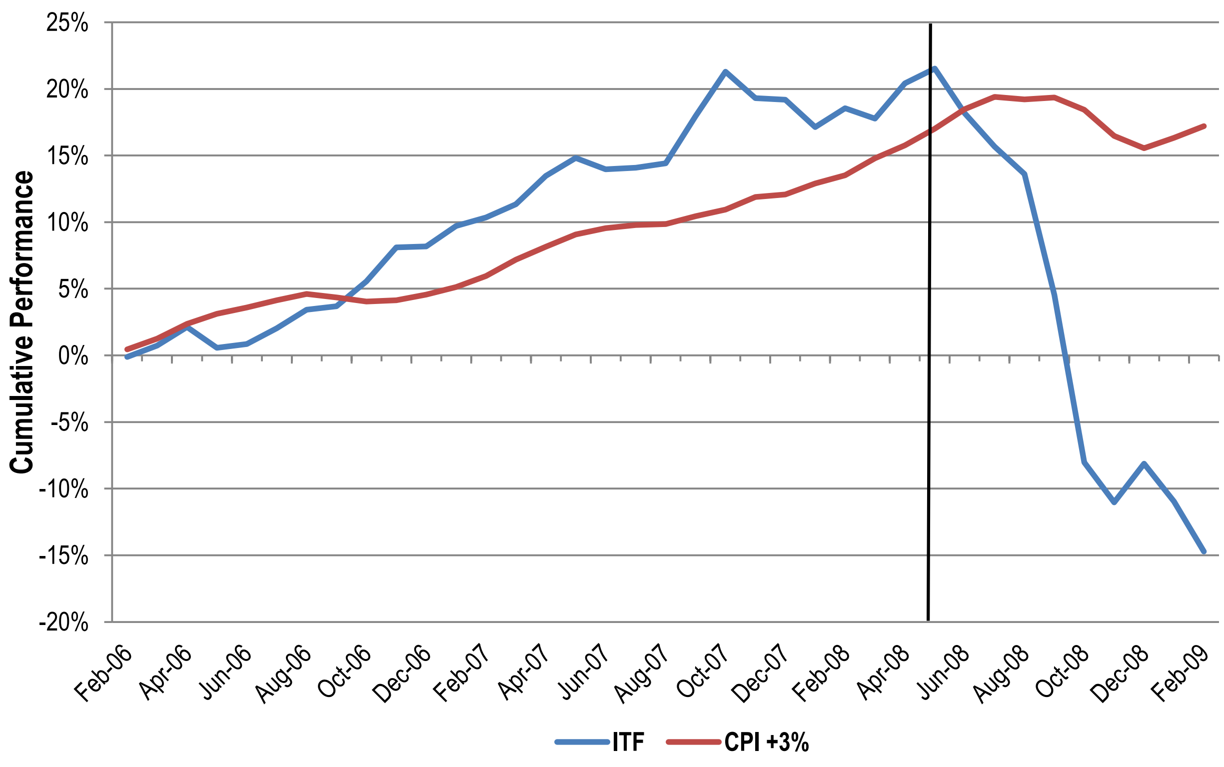
Investment Returns: 2008 Financial Crisis

- The 2008 Financial Crisis adversely affected the ITF as public equity fell dramatically and LCC fell more than IGFI



Investment Returns: Inception through February 2009

- At the trough of the 2008 Financial Crisis, the ITF was 15% below break-even and trailed its return objective by over 30%.



May 2008 to February 2009
Actual Performance
(annualized)

Return	(33.9%)
Risk	14.8%

2010 Investment Strategy Change

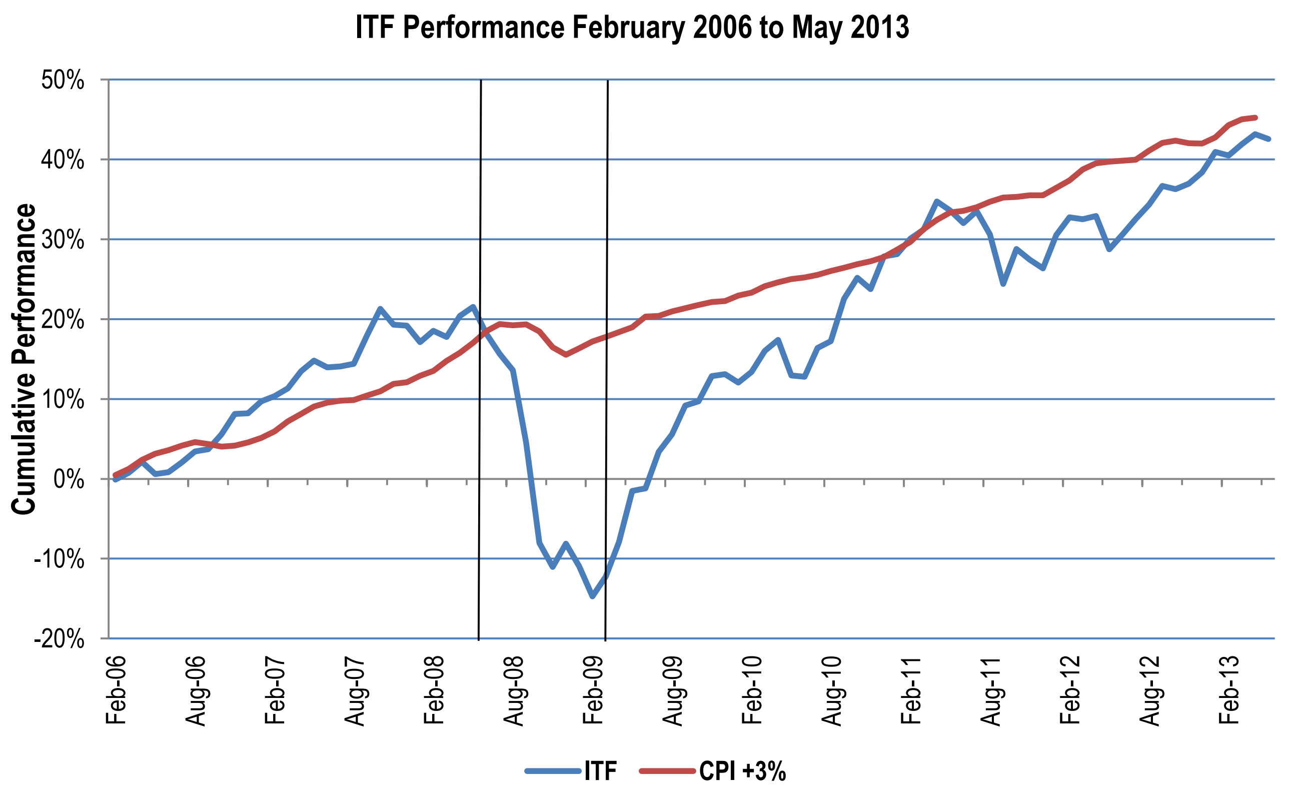
- In FY 2010, Staff recommended and the Board and Regents approved, changes to the ITF's Investment Strategy
- The objective of the changes was to reduce volatility while retaining maximum earnings potential:
  - Reduce Public Equities
  - Increase LCC

Asset Category	Original Asset Allocation	Asset Allocation FY 2010	Change from Original to 2010
Investment Grade Fixed Income	35.0%	35.0%	0.0%
LCC (Hedge Funds)	25.0%	35.0%	10.0%
Real Estate Investment Trusts	10.0%	5.0%	(5.0%)
Natural Resources Public Equity	5.0%	7.5%	2.5%
Developed Country Public Equity	20.0%	10.0%	(10.0%)
Emerging Market Public Equity	5.0%	7.5%	2.5%
TOTAL	100%	100%	15%
Projected:			
Return	7.16%	7.28%	0.1%
Downside Risk	6.38%	5.52%	(0.9%)
Actual:	Feb '06 - Aug '09	Sept '09 - Apr '13	
Return	1.53%	8.66%	7.1%
Downside Risk	4.84%	6.82%	2.0%

Investment Returns Since Inception

Since March 2009, the ITF's investment performance has significantly improved:

- The fund has had a positive cumulative return of 43%
- The fund is close to meeting its return objective



February 2006 to May 2013
Actual Performance
(annualized)

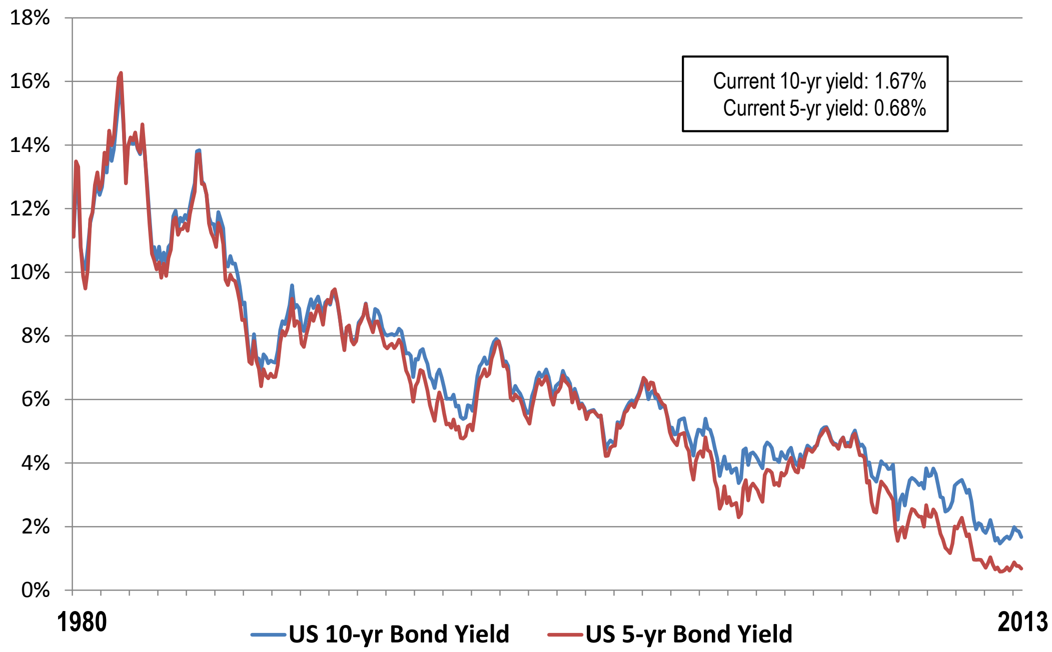
Return	5.0%
Risk	9.1%

Proposed Policy Changes

Contemplated Change to Investment Strategy

- Staff believes bonds present asymmetric potential downside risk, while the LCC portfolio continues to perform well

Asymmetric Bond Risk



LCC Since Inception

Return	8.5%
Risk (standard deviation)	6.3%
Sharpe Ratio	0.96

Proposed Changes

- Staff proposes changes to the ITF Asset Allocation aimed at maintaining returns without significantly increasing risk. The changes include:
  - Decreasing Investment Grade Fixed Income
  - Increasing LCC (Hedge Funds)
  - Decreasing Public Equities
- The proposed changes vary less from the actual current asset allocation

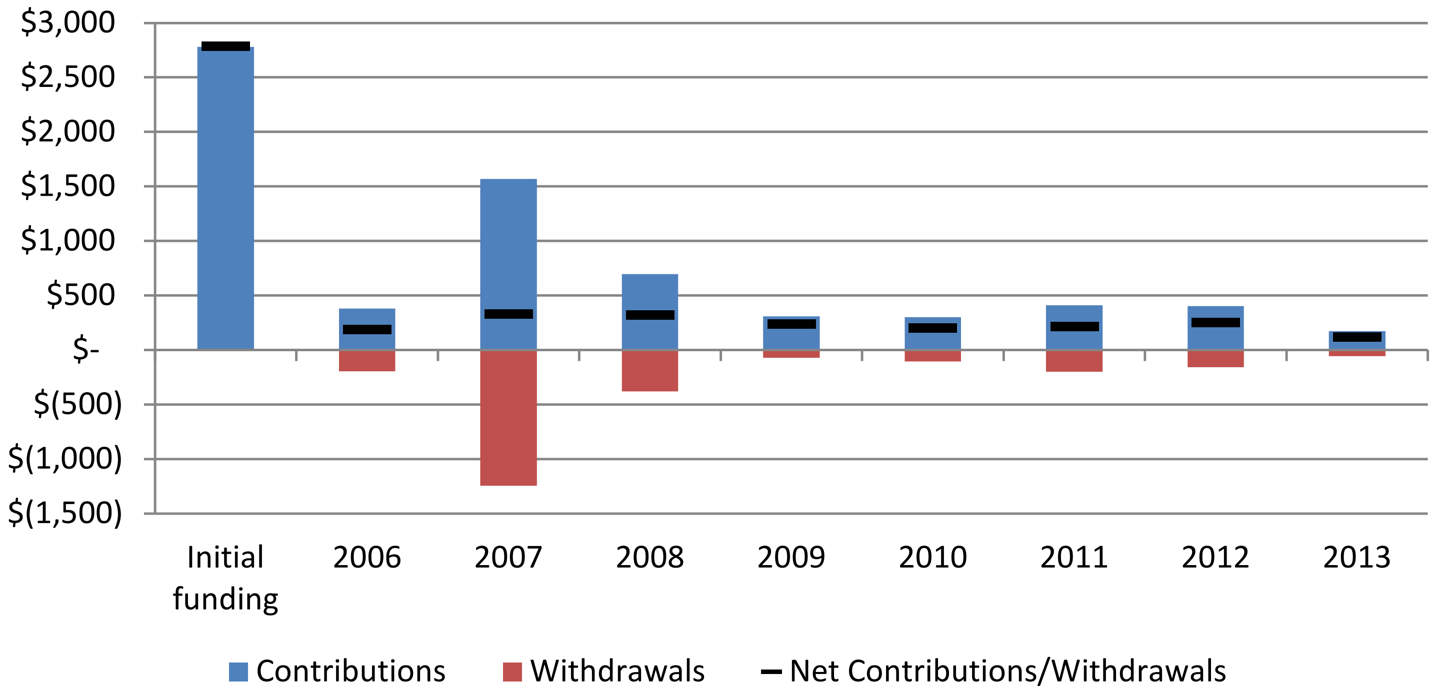
Asset Category	Current Policy	Proposed Policy (FY 2014)	Change: Proposed vs. Current Policy	Current Actual	Change: Proposed vs. Actual
Investment Grade Fixed Income	35%	30%	(5%)	31%	(1%)
LCC (Hedge Funds)	35%	45%	10%	38%	7%
Real Estate	5%	3%	(2%)	3%	0%
Natural Resources Public Equity	8%	7%	0%	11%	(4%)
Developed Country Public Equity	10%	9%	(1%)	10%	(1%)
Emerging Market Public Equity	8%	6%	(2%)	7%	(1%)
TOTAL	100%	100%	0%	100%	0%
Projected Return	5.91%	6.03%			
Projected Downside Risk	5.59%	5.65%			

Liquidity Implications

ITF Cash Flows

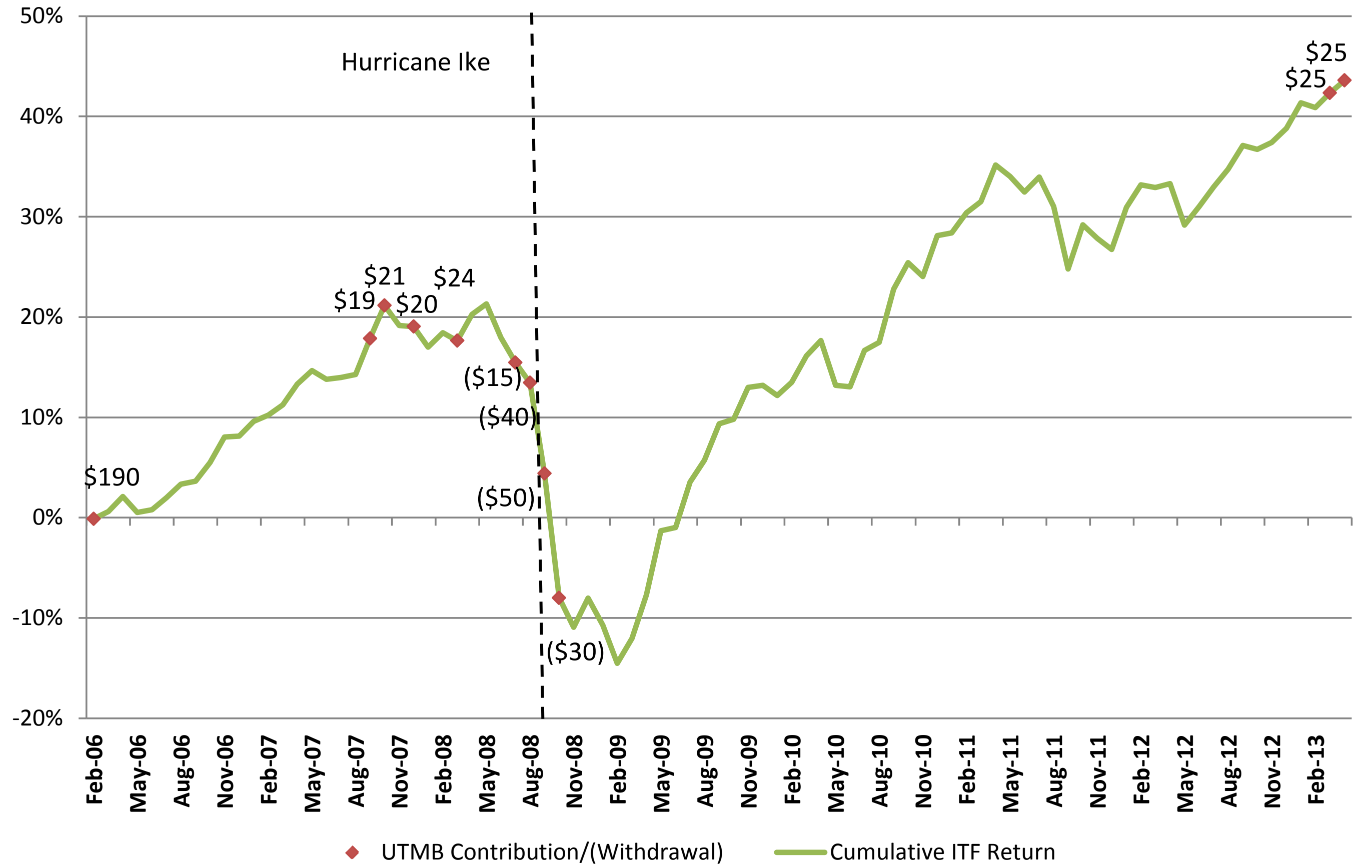
For Years Ending December 31, (in millions)

- The ITF, in total, has experienced inflows every year since inception.



ITF Risk of Permanent Loss

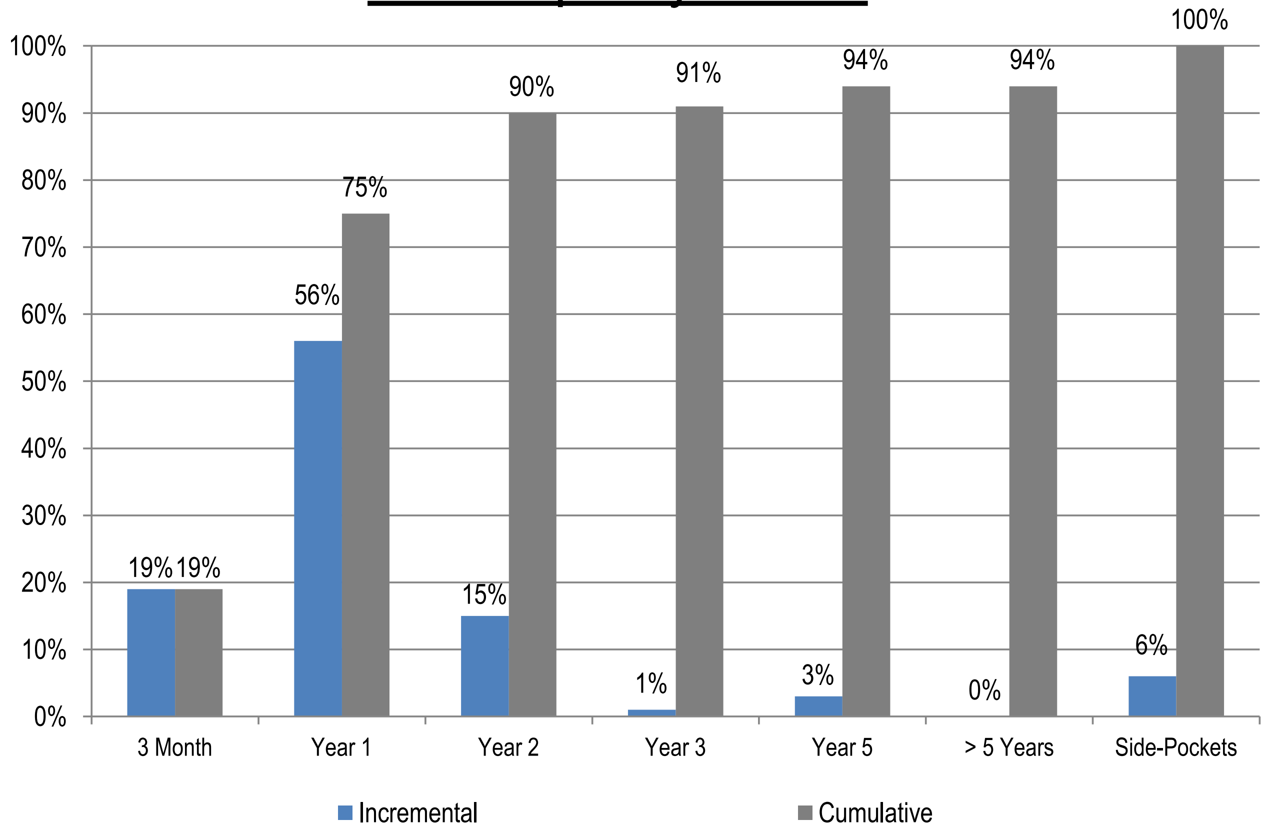
- One institution (UTMB), however, did have to redeem funds from the ITF at a loss ($30 million redemption in fall of 2008) or below its peak ($105 redemptions during the summer of 2008)



ITF Liquidity Risk

- Increasing the LCC allocation will reduce ITF liquidity, as only 19% of LCC assets are liquid within 90 days

LCC Liquidity Profile



ITF Liquidity Risk

- The reduction in ITF liquidity, however, is small.

Percent of Portfolio Liquid in:

	90 days	1 year
Current - Actual	67%	92%
Proposed - Projected	62%	90%

Percent of Portfolio that is not Liquid within 90 days:

Policy	Above trigger zone	Within trigger zone	Below trigger zone
Current	55%	50% - 55%	<50%
Proposed	50%	45% - 50%	<45%

* Any illiquid investments made in the trigger zone require prior approval by the Risk Committee or the UTIMCO Board.

Mandate Categorization Procedure

CHANGE: Remove annual review requirement

- All new mandates are categorized by the Managing Directors
- CIO and CCO provide his/her agreement or recommended categorization
- New mandates are reported to the Risk Committee for their approval or re-categorization at each quarterly committee meeting
- Additionally, at each quarterly committee meeting, Staff is required to recommend re-categorization of any existing mandate if the CIO, a Managing Director, or the CCO become aware of a change(s) in the investment characteristics of the mandate that warrant a re-categorization
- Because Staff reviews the categorization of mandates before each quarterly Risk Committee meeting the annual review process is redundant; therefore, Staff is recommending it should be removed from the Procedure

Delegation of Authority Policy:
Summary of Changes to Investment Type Limitations

Most of the current limits were set in 2007; since then the Endowments and ITF assets have grown by 23%

- 25% increase to all investment type limitations for both new mandates and increases to existing mandates
- Allow increases to co-investments (i.e., participation in subsequent financing rounds) of $50M

(in millions)	New Mandates		Increases	
	Current	Proposed	Current	Proposed
MCC	400	500	200	250
LCC	200	250	100	125
Private Investment	100	125	50	50
Co-Investment	50	50	-	50

Delegation of Authority Policy:
Summary of Changes for Manager-Level Limits

- Set the maximum delegated authority for all managers except MCC Investment Grade Fixed Income at $750M, which is approximately 2.75% of AUM
  - The proposed single limit is for all investment types and for both new and existing managers
  - Current Policy has a $600M limit for an MCC manager (including LCC mandates), a $500M limit for an LCC-only manager, and no manager-level limit for Private Investment
  - With the core/satellite approach in LCC, 5 core managers are currently above $500M
  - Several of our larger managers manage multiple mandates across investment types – e.g., an MCC mandate alongside an LCC mandate, or Private Investment mandate(s) alongside an LCC mandate

(in millions)	Maximum for Manager	
	Current	Proposed
MCC – IGFI	600	1,100
MCC – all other	600	750
LCC	500	750
Private Investment	–	750

Delegation of Authority Policy:
Fixed Income

- Set the maximum delegated authority for any MCC Investment Grade Fixed Income manager at $1.1B
- This portfolio is currently managed with 4 external mandates and one internal mandate; staff believes MCC Fixed Income portfolio is constructed appropriately with these 5 mandates
  - Very diversified asset managers with long history of managing Fixed Income
  - Assets are custodied at Mellon in the name of the Board of Regents
- At current levels of delegated authority staff is unable to redeem and subsequently add to two managers without Board approval
- Current size of MCC Investment Grade Fixed Income, per Policy, is slightly more than $3.5B
  - While we are currently under-weight this asset class, staff would like added flexibility to manage this asset class at Policy or over-weight levels
- There is still a requirement to report to the Board all managers with 3% or more of total assets under management, and to prepare a written plan for the Board for all managers with 5% or more of total assets under management

Derivative Investment Policy

CHANGE: Require all FX forwards to be traded under an ISDA, per the requirements of the Dodd-Frank regulations

- Current policy excludes from its scope all FX contracts that mature within 30 days of initial settlement
- Current policy allows some FX contracts that mature within 91 days of initial settlement to trade without an ISDA
- Dodd-Frank regulations require all FX contracts that are not "spot" to be traded with an ISDA
- The Derivative Investment Policy is being modified to reflect this requirement

ATTACHMENT 1
EXHIBIT FOR PUF, GEF, PHF and LTF
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2012~~ 2013

POLICY PORTFOLIO	FYE ~~2013~~ 2014		
	Min	Target	Max
Asset Classes			
Investment Grade Fixed Income	5.0%	~~9.5%~~ 10.5%	25.0%
Credit-Related Fixed Income	0.0%	~~5.5%~~ 8.8%	30.0%
Real Estate	0.0%	~~6.5%~~ 8.2%	12.5%
Natural Resources	5.0%	~~13.5%~~ 13.3%	25.0%
Developed Country Equity	30.0%	~~45.0%~~ 43.8%	60.0%
Emerging Markets Equity	5.0%	~~20.0%~~ 15.4%	25.0%
Investment Types			
More Correlated & Constrained	35.0%	~~44.5%~~ 41.5%	60.0%
Less Correlated & Constrained	25.0%	30.0%	37.5%
Private Investments	17.5%	~~25.5%~~ 28.5%	~~32.5%~~ 35.0%

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK (reset monthly)	FYE ~~2013~~ 2014
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	2.5%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%
MSCI World Index with net dividends	~~15.0%~~ 14.0%
MSCI Emerging Markets with net dividends	~~12.0%~~ 10.0%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Venture Economics Custom Index	~~21.5%~~ 23.3%
NACREIF Custom Index	~~4.0%~~ 5.2%

POLICY/TARGET RETURN/RISKS	FYE ~~2013~~ 2014
Expected Annual Return (Benchmarks) **	~~7.36~~ 7.40%
One Year Downside Deviation	~~9.45~~ 9.30%
Risk Bounds	
Lower: 1 Year Downside Deviation	75%
Upper: 1 Year Downside Deviation	115%

**Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 1
EXHIBIT FOR PUF, GEF, PHF and LTF
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, ~~2012~~ 2013

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2013~~ 2014

FYE ~~2013~~ 2014		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (7.5%)	~~2.0~~ 3.0%	0.0%	~~9.5~~ 10.5%
	Credit-Related	0.00%	~~3.0~~ 5.0%	~~2.5~~ 3.8%	~~5.5~~ 8.8%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%)	~~0.0~~ 0.5%	Custom NACREIF ~~4.0~~ 5.2%	~~6.5~~ 8.2%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index (7.5%)	~~1.0~~ 0.0%	~~5.0~~ 5.8%	~~13.5~~ 13.3%
Equity	Developed Country	MSCI World Index with Net Dividends (~~15.0~~ 14.0%)	~~20.0~~ 19.5%	~~10.0~~ 10.3%	~~45.0~~ 43.8%
	Emerging Markets	MSCI EM Index with Net Dividends (~~12.0~~ 10.0%)	~~4.0~~ 2.0%	~~4.0~~ 3.4%	~~20.0~~ 15.4%
Total		~~44.5~~ 41.5%	30.0%	~~25.5~~ 28.5%	100.0%

(yellow)	Hedge Fund Research Indices Fund of Funds Composite Index
(blue)	Venture Economics Custom Index

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray

ATTACHMENT 2
EXHIBIT A - INTERMEDIATE TERM FUND
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2012~~2013

POLICY PORTFOLIO	FYE ~~2013~~2014		
	Min	Target	Max
Asset Classes			
Investment Grade Fixed Income	30.0%	~~37.0~~ 34.5%	50.0%
Credit-Related Fixed Income	0.0%	~~4.0~~ 7.5%	12.0%
Real Estate	0.0%	~~5.0~~ 4.0%	10.0%
Natural Resources	2.5%	~~8.5~~ 7.0%	20.0%
Developed Country Equity	20.0%	~~33.0~~ 38.0%	~~40.0~~ 45.0%
Emerging Markets Equity	2.5%	~~12.5~~ 9.0%	17.5%
Investment Types			
More Correlated & Constrained	~~60.0~~ 50.0%	~~65.0~~ 55.0%	~~70.0~~ 65.0%
Less Correlated & Constrained	~~30.0~~ 35.0%	~~35.0~~ 45.0%	~~40.0~~ 50.0%

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 100% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK (reset monthly)	FYE ~~2013~~ 2014
Barclays Capital Global Aggregate Index	~~35.0~~ 30.0%
FTSE EPRA/NAREIT Developed Index Net TRI USD	~~5.0~~ 3.0%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	~~7.5~~ 7.0%
MSCI World Index with net dividends	~~10.0~~ 9.0%
MSCI Emerging Markets with net dividends	~~7.5~~ 6.0%
Hedge Fund Research Indices Fund of Funds Composite Index	~~35.0~~ 45.0%

POLICY/TARGET RETURN/RISKS	FYE ~~2013~~ 2014
Expected Annual Return (Benchmarks) **	~~5.91~~ 6.03%
One Year Downside Deviation	~~5.59~~ 5.65%
Risk Bounds	
Lower: 1 Year Downside Deviation	70%
Upper: 1 Year Downside Deviation	115%

**Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 2
(continued)
EXHIBIT A - INTERMEDIATE TERM FUND
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, ~~2012~~ 2013

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2013~~ 2014

FYE ~~2013~~ 2014		More Correlated & Constrained	Less Correlated & Constrained	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (~~35.0~~ 30.0%)	~~2.0~~ 4.5%	~~37.0~~ 34.5%
	Credit-Related	(0.0%)	~~4.0~~ 7.5%	~~4.0~~ 7.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (~~5.0~~ 3.0%)	~~0.0~~ 1.0%	~~5.0~~ 4.0%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index (~~7.5~~ 7.0%)	~~1.0~~ 0.0%	~~8.5~~ 7.0%
Equity	Developed Country	MSCI World Index with Net Dividends (~~10.0~~ 9.0%)	~~23.0~~ 29.0%	~~33.0~~ 38.0%
	Emerging Markets	MSCI EM Index with Net Dividends (~~7.5~~ 6.0%)	~~5.0~~ 3.0%	~~12.5~~ 9.0%
Total		~~65.0~~ 55.0%	~~35.0~~ 45.0%	100.0%

Hedge Fund Research Indices Fund of Funds Composite Index

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray

The University of Texas Investment Management Company
Liquidity Policy

Effective Date of Policy: ~~August 23, 2012~~ August 22, 2013
Date Approved by U.T. System Board of Regents: ~~August 23, 2012~~ August 22, 2013
Date Approved by UTIMCO Board: ~~July 11, 2012~~July 22, 2013
Original Effective Date of Policy: August 7, 2003
Supersedes: Liquidity Policy dated ~~August 25, 2011~~August 23, 2012

Purpose:

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in (1) the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter collectively referred to as the Endowment Funds and, (2) the Intermediate Term Fund (ITF). For the purposes of this policy, "liquidity" is defined as a measure of the ability of an investment position to be converted into Cash. The established liquidity profile limits will act in conjunction with, but do not supersede, the Investment Policies adopted by the U. T. System Board of Regents.

Objective:

The objective of this Liquidity Policy is to control the element of total risk exposure of the Endowment Funds and the ITF stemming from the uncertainties associated with the ability to convert longer term investments to Cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

Scope:

This Liquidity Policy applies to all PUF, GEF, and ITF investments made by The University of Texas Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

Definition of Liquidity Risk:

"Liquidity risk" is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in lower than expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions. Modern finance theory asserts that liquidity risk is a systematic risk factor that is incorporated into asset prices such that future longer-term returns will be higher for assets with higher liquidity risk, although that may not be the case in the short term.

Definition of Cash:

Cash is defined as short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value. Holdings may include:

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAm by Standard & Poor's or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),
- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAm by Standard & Poor's Corporation or the equivalent by a NRSRO,
- the Custodian's late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody's Investor Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2 or the equivalent),

- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and
- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

Liquidity Risk Measurement-The Liquidity Profile:

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

- **Liquid:** Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of more than 90 days or in a shorter period of time by accepting a discount of more than 10%.

UTIMCO staff will report individual investments within the Endowment Funds and ITF categorized as follows:

- Cash: Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.
- Liquid (Weekly)**:** Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- Liquid (Quarterly): Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.
- Liquid (Annual): Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

The measurements necessary to segregate all existing investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other third party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Risk Committee, in determining the appropriate liquidity category for each investment.

The result of this liquidity risk measurement process will be a liquidity profile for the Endowment Funds and the ITF which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies "trigger zones" requiring special review by UTIMCO staff and special action by the UTIMCO Board or the Risk Committee, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

Liquidity Policy Profile:

The current Liquidity Policy Profile ranges and trigger zones for each of the Endowment Funds are defined by the table below:

	FY 09	**FY 10+**
Liquidity above trigger zone:	35.0%	30.0%
Liquidity within trigger zone:	30.0%-35.0%	25.0%-30.0%
Liquidity below trigger zone:	<30.0%	<25.0%

Investments that maintain liquidity below the trigger zone do not require any action by the UTIMCO Board or the Risk Committee. Liquidity within the trigger zone requires special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for **illiquid** investments in FY 09 is up to 70.0% of the total portfolio. However, any **illiquid** investments made in the 65.0% to 70.0% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

The current Liquidity Policy Profile ranges and trigger zones for the ITF are defined by the table below:

	FY 09-11	**FY 12~~+~~-13**	**FY 14+**
Liquidity above trigger zone:	65%	55%	50%
Liquidity within trigger zone:	55%-65%	50%-55%	45%-50%
Liquidity below trigger zone:	<55%	<50%	<45%

The allowable range for **illiquid** investments is 0% to ~~50~~55% of the total portfolio for the ITF. However, any **illiquid** investments made in the ~~45~~50% to ~~50~~55% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

Unfunded Commitments:

As used herein, “unfunded commitments” refers to capital that has been legally committed from an Endowment Fund and has not yet been called but may still be called by the general partner or investment manager. The Maximum Permitted Amount of unfunded commitments for each Endowment Fund is:

	FY 09	**FY 10+**
Unfunded Commitment as a percent of total invested assets:	27.5%	30.0%

No new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such commitment, would exceed the Maximum Permitted Amount.

Documentation and Controls:

Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that asset class as well as the amount of unfunded commitments for each Endowment Fund. The determination of liquidity will include underlying security trading volumes, notice periods, redemption dates, lock-up periods, and “soft” and “hard” gates. These classifications will be reviewed by the Risk Manager and the Chief Compliance Officer, and must receive final approval from the Chief Investment Officer. Classifications and weights within each liquidity category will be updated and reported on a monthly basis. All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity and the amount of unfunded commitments for each Endowment Fund of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board.

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the UTIMCO Board or the Risk Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

Reporting:

The actual liquidity profiles of the Endowment Funds and the ITF, including a detailed analysis of liquidity by category, and the status of unfunded commitments for each Endowment Fund, and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly.

The University of Texas Investment Management Company
Derivative Investment Policy

Effective Date of Policy: ~~August 23, 2012~~August 22, 2013
Date Approved by U. T. System Board of Regents: ~~August 23, 2012~~August 22, 2013
Date Approved by UTIMCO Board: ~~July 11, 2012~~July 22, 2013
Supersedes: Derivative Investment Policy approved ~~August 15, 2011~~August 23, 2012

Purpose:

The purpose of the Derivative Investment Policy is to set forth the applications, documentation and limitations for investment in derivatives in the Permanent University Fund (PUF), the General Endowment Fund (GEF), the Intermediate Term Fund (ITF), and the Separately Invested Funds (SIF), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds to allow for investment in derivatives provided that their use is in compliance with UTIMCO's Board approved Derivative Investment Policy. This Derivative Investment Policy supplements the Investment Policy Statements for the Funds.

Objective:

The objective of investing in derivatives is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Derivatives can provide the Funds with more economical means to improve the Funds' risk/return profile.

Scope:

This Policy applies to all derivatives in the Funds executed by UTIMCO staff and by external managers operating under an Agency Agreement. This Policy does not apply to external managers operating under limited partnership agreements, offshore corporations, or other Limited Liability Entities that limit the liability exposure of the Funds' investments. Derivative policies for external managers are established on a case-by-case basis with each external manager, as described below.

This Policy applies to both exchange traded derivatives and over the counter (OTC) derivatives. This Policy shall not be construed to apply to index or other common or commingled funds that are not controlled by UTIMCO. These commingled investment vehicles are governed by separate investment policy statements.

External Managers:

External managers are selected to manage the Funds' assets under either an Agency Agreement or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in derivative investments only if (i) such manager has been approved to use derivatives by the UTIMCO Chief Investment Officer and (ii) the investments are consistent with the overall investment objectives of the account and in compliance with this Policy. The use of derivatives by an external manager operating under an Agency Agreement shall be approved by the UTIMCO Chief Investment Officer only for external managers that (i) demonstrate investment expertise in their use, (ii) have appropriate risk management and valuation policies and procedures, and (iii) effectively monitor and control their use.

While this Policy does not specifically include external managers operating through a Limited Liability Entity, it is noted that selecting and monitoring external managers through a Limited Liability Entity requires a clear understanding of the external managers' use of derivatives, particularly as it relates to various risk controls and leverage. The permitted uses of derivatives and leverage must be fully documented in the limited liability agreements with these managers.

Definition of Derivatives:

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include Derivative Investments but shall not include a broader range of securities, including mortgage backed securities, structured notes, convertible bonds, exchange traded funds (ETFs), and Bona Fide Spot ~~foreign~~ Foreign ~~currency contracts that mature within thirty (30) days of initial settlement~~Exchange

Transactions. Derivatives may be purchased through a national or international exchange or through an OTC direct arrangement with a counterparty. Refer to the attached Exhibit A for a glossary of terms.

Permitted Derivative Applications:

The primary intent of derivatives should be to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash market.

Permitted Derivative Applications are Derivative Investments used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds' market (systematic) exposure without trading the underlying Cash market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with Cash market securities;
- To hedge and control risks; or
- To facilitate transition trading.

UTIMCO staff may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent that a Derivative Investment is a Permitted Derivative Application but is not within the delegated authority as set forth on Exhibit B, the UTIMCO Board will be provided with an "Option to Review" following the process outlined in Exhibit A to the Delegation of Authority Policy. This "Option to Review" applies to any new Derivative Investment recommended by UTIMCO staff and approved by UTIMCO's Chief Investment Officer that is not within the delegated authority set forth on Exhibit B or the engagement of an external manager operating under an Agency Agreement that seeks to engage in a Derivative Investment that is not within the delegated authority set forth on Exhibit B. Notwithstanding, with respect to any Derivative Investment, UTIMCO's Chief Investment Officer, the Risk Manager, or Chief Compliance Officer may determine that presentation and approval of the proposed Derivative Investment at a UTIMCO Board meeting is warranted before engaging in the Derivative Investment.

Risk and Investment Policy Controls:

Following the implementation of any Derivative Investment, the Funds' projected downside deviation and risk bounds, and projected exposure to Asset Class and Investment Type, must be within the permissible ranges as set forth in the Funds' Investment Policy Statements.

Documentation and Controls:

Prior to the implementation of a new Derivative Investment by UTIMCO staff, UTIMCO staff shall document the purpose, valuation method, methods for calculating delta, delta-adjusted exposure, Asset Class and Investment Type exposure, the effect on portfolio leverage (if applicable), risks (including, but not limited to modeling, pricing, liquidity and counterparty risks), the expected increase or reduction in risk resulting from the Derivative Investments, and the procedures in place to monitor and manage the derivative exposure. For any short exposure, UTIMCO staff shall also document the basis risk and appropriate stop-loss procedures. UTIMCO shall establish appropriate risk management procedures to monitor daily the risk of internally managed and of externally managed accounts operating under an Agency Agreement that utilize derivatives. Internal control procedures to properly account and value the Funds' exposure to the Derivative Investment shall be fully documented.

Additional Limitations:

Leverage: Leverage is inherent in derivatives since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the Cash markets, where in most cases the cash outlay is equal to the asset acquired, Derivative Investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional Cash market portfolio. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. Exhibits A of the Fund's Investment Policy Statements provide a limitation on the amount of uncollateralized derivative exposure that can be utilized by the Funds whereby, the total Asset Class and Investment Type exposure, including the amount of derivatives exposure not collateralized by cash, may not exceed 105% (100% in the ITF) of the Asset Class and Investment Type exposures excluding the amount of derivatives exposure not collateralized by cash.

Counterparty Risks: In order to limit the financial risks associated with Derivative Investments, rigorous counterparty selection criteria and netting agreements shall be required to minimize counterparty risk for over the counter (OTC) derivatives. Any counterparty in an OTC derivative transaction with the Funds must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's). All OTC derivatives, with the exception of Bona Fide Spot ~~foreign~~Foreign Exchange Transactions~~currency contracts that mature within 91 days of initial settlement and are traded with a counterparty that has been pre-approved by UTIMCO~~, must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In the event a counterparty is downgraded below the minimum credit rating requirements stated above, UTIMCO staff will take appropriate action to protect the interests of the Funds, including availing itself of all potential remedies contained in the ISDA agreements, The net market value, net of collateral postings, of all OTC derivatives for any individual counterparty may not exceed 1% of the total market value of the Funds.

Risk Management and Compliance:

To ensure compliance with all terms and limitations of this Policy, all internally managed and externally managed Derivative Investments in accounts under Agency Agreements will be marked to market on a daily basis by the Funds' custodian and reviewed periodically, but no less frequently than monthly, for accuracy by the UTIMCO Risk Manager. In addition, data from the external risk model will be reviewed for accuracy and completeness by the UTIMCO Risk Manager.

Compliance with this Policy will be monitored by the UTIMCO Chief Compliance Officer using data provided by the custodian and the external risk model.

Any instances of noncompliance with this Policy will be reported immediately to the UTIMCO Chief Compliance Officer and the UTIMCO Chief Investment Officer, who will determine the appropriate remedy and report promptly to the Chairs of the Risk Committee, the Audit & Ethics Committee, and the UTIMCO Board Chairman. The UTIMCO Board Chairman may waive immediate remedial action in appropriate circumstances.

Reporting:

On a quarterly basis, UTIMCO shall provide a comprehensive report to UTIMCO's Board and the Risk Committee. This report shall include all outstanding Derivative Investments, by type, entered into during the period being reported for both internal managers and external managers operating under Agency Agreements. Asset allocation as provided in the Funds' Investment Policy Statements shall incorporate the impact of uncollateralized derivative exposure associated with derivatives. For risk reporting purposes, the models used to calculate the expected profit or loss in each scenario will include the effect of delta sensitivity and other derivative sensitivity parameters as appropriate. Risk calculations will take into account leverage, correlation, and exposure parameters such as beta for equities and duration for fixed income. The UTIMCO Risk Manager will calculate risk attribution - i.e., how much of the overall risk is attributed to each Asset Class and Investment Type, including the full effect on risk of the derivatives in each. The UTIMCO Risk Manager will calculate risk attribution for each Derivative Investment.

Derivative Investment Policy Exhibit A
Glossary of Terms

Agency Agreement – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds but does not limit the liability of the Funds for actions taken by that agent.

Basket – A group of securities and a weighting scheme, or a proprietary index. Baskets are typically defined to achieve a certain investment goal, within certain limitations. For example, a Basket could replicate an emerging market index, excluding certain companies that UTIMCO is not permitted to hold.

Bona Fide Spot Foreign Exchange Transaction – Generally, a foreign exchange transaction that settles via an actual delivery of the relevant currencies within two business days (T+2). In addition, an agreement, contract or transaction for the purchase or sale of an amount of foreign currency equal to the price of a foreign security with respect to which (i) the security and related foreign currency transactions are executed contemporaneously in order to effect delivery by the relevant securities settlement deadline and (ii) actual delivery of the foreign security and foreign currency occurs by such deadline (such transaction, a "Securities Conversion Transaction"). For Securities Conversion Transactions, the Commodity Futures Trading Commission (CFTC) will consider the relevant foreign exchange spot market settlement deadline to be the same as the securities settlement deadline.

Cash market - The physical market for a commodity or financial instrument.

Counterparty - The offsetting party in an exchange agreement.

Derivative Investment – An investment in a futures contract, forward contract, swap, and all forms of options.

Exchange traded derivatives - A Derivative Investment traded on an established national or international exchange. These derivatives "settle" daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the derivatives are traded. Examples include S&P 500 futures contracts and Goldman Sachs Commodities Index futures contracts.

Forward contract - A nonstandardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future. The most typical Forward contract is a forward foreign currency contract, which involves the contemplated exchange of two currencies.

Futures contract - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

ISDA Netting Agreement - The International Swaps and Derivatives Association (ISDA) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted "Master Agreements," a 1992 Master Agreement and a 2002 Master Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each counterparty. These netting agreements require that exposures between counterparties will be "netted" so that payables and receivables under all existing derivatives between two counterparties are offset in determining the net exposure between the two counterparties.

Limited Liability Entity – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships, corporations, or other such entities that limit the liability of external investors to the current value of the external investors' investment in the entity.

Long exposure to an Asset Class – The Net Asset Value of the Asset Class and Investment Type as defined in the Funds' Investment Policy Statement.

Option - A derivative that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.

Over the counter (OTC) derivatives - A derivative which results from direct negotiation between a buyer and a counterparty. The terms of such derivatives are nonstandard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and forward contracts, interest rate swaps, and collars.

Replicating Derivatives – Derivatives that are intended to replicate the return characteristics of an underlying index or any other Cash market security.

Swap - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

Derivative Investment Policy Exhibit B
Delegated Derivative Investments

Subject to the limitations contained in the Derivative Investment Policy, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the following Derivative Investments:

Delegated Derivative Investments:

1. Replicating Derivatives - Derivative Investments that replicate the return characteristics of a long exposure to an underlying index, Basket or commodity. These investments are generally futures contracts and swaps on a passive index, Basket or commodity.

2. Derivative Investments that upon their expiration would not exceed the loss of a similar investment in the cash index being referred to in the derivative contract. These investments may include swaps whereby the holder of the instrument will forgo potential upside return in exchange for downside protection or receive a multiple of a referenced return should the return of the underlying referenced index be within a certain range and may also include the selling of put options.

3. Derivative Investments that reduce long exposure to an Asset Class or hedge against risk, and limit maximum loss to the premium paid for the Derivative Investment, i.e., purchase options. The aggregate prorated annual premium of all Derivative Investments under this provision shall be as set forth in the respective Fund's Investment Policy Statement.

4. Futures contracts and forward contracts on foreign currency if used (i) by an external fixed income manager within its investment guidelines, (ii) for hedging purposes by an external equities manager within its investment guidelines, or (iii) to hedge existing or prospective foreign currency risk by UTIMCO staff.

5. Derivative Investments used to manage bond duration or hedge equity exposure to countries, sectors or capitalization factors, or individual stock(s) swaps within the portfolio only if subsequent to the investment the portfolio would not be net short to any one of those factors. An example of such a hedge is selling futures contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.

6. Derivative Investments used to gain long exposure to an Asset Class and limit maximum loss to the premium paid for the Derivative Investment.

The delegated authority set forth above should not be construed to permit UTIMCO staff to enter into Derivative Investments that are unhedged or 'naked' short positions containing unlimited loss.

Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.

Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.

The University of Texas Investment Management Company
Delegation of Authority Policy

Effective Date of Policy: ~~July 11, 2012~~July 22, 2013
Date Approved by UTIMCO Board: ~~July 11, 2012~~July 22, 2013
Supersedes: Delegation of Authority Policy approved by the UTIMCO Board on ~~July 14, 2011~~July 11, 2012

Purpose:
The purpose of the Delegation of Authority Policy is to provide a clear delineation of responsibilities of the UTIMCO Board of Directors and the UTIMCO staff. Section 66.08(d) of the *Texas Education Code* provides that UTIMCO's duties to the U. T. System Board of Regents with respect to the management of investment funds shall be governed by a contract between the two parties. UTIMCO provides various investment management services to the U. T. System Board as more fully described in the Investment Management Services Agreement by and between the U. T. System Board and UTIMCO. The UTIMCO Board is responsible for management and investment oversight of UTIMCO. The UTIMCO Board recommends amendments to the Investment Policies for approval by the U. T. System Board. The UTIMCO Board is responsible for overseeing the investment process to execute the established Investment Policies. However, to enhance the competitiveness of the investment process, improve management and operational efficiency, and define and concentrate accountability for performance, certain duties, and responsibilities are delegated by the UTIMCO Board to UTIMCO Management. This Policy Statement defines the delegation of authority in the two primary areas of UTIMCO operations:

(1) Management, Operations, and Finance; and
(2) Investments.

Objective:
By clearly defining the scope of delegated authority to UTIMCO Management, this Policy Statement enhances operational efficiency and timeliness in decision making, thereby enhancing competitiveness.

Scope:
This Policy applies to all matters under UTIMCO control. The only delegations of authority granted by the UTIMCO Board are enumerated in this Policy and any authority not specifically granted in this Policy is retained by the UTIMCO Board acting as agent for the U. T. System Board, provided that nothing contained in this Policy Statement is intended to, or shall, limit any delegation of authority otherwise set forth in the UTIMCO Bylaws, the Investment Management Services Agreement, any Committee Charter, any Investment Policy, or any formal policy adopted by the UTIMCO Board.

Authority Delegated to UTIMCO Management:
The primary functions of the UTIMCO Board are to formulate, revise, implement, and conduct ongoing oversight of the policies it has established for UTIMCO. The duties and responsibilities of the UTIMCO Board are enumerated in the UTIMCO Bylaws, Articles of Incorporation, Committee Charters, Investment Management Services Agreement, and UTIMCO policies. To execute its responsibilities more efficiently, the UTIMCO Board has delegated the authority to implement UTIMCO policies to UTIMCO Management in two primary areas: (i) Management, Operational, and Financial Authority; and (ii) Investment Authority.

Management, Operational, and Financial Authority: Final authority for the functions listed below rests with the UTIMCO Board:

- Administration, Accounting and Financial Management;
- Systems Technology Management;
- Personnel Management;
- Compliance;
- Client Relations and Reporting; and
- Public Relations.

However, the UTIMCO Board hereby delegates authority to UTIMCO Management in each functional area as specified below:

Administration, Accounting, and Financial Management: The UTIMCO Board hereby delegates all day-to-day operational decisions to UTIMCO Management. This delegation includes, but is not limited to, all administrative decisions regarding the management of endowment and operating funds as well as all administrative and financial decisions associated with the operation of the UTIMCO organization. This delegation includes the authority to execute all contracts and agreements, subject to the limitations defined below.

Systems Technology Management: The UTIMCO Board hereby delegates all decisions regarding the operation and management of all systems technology assets to UTIMCO Management. This delegation includes the authority to execute all contracts and agreements, subject to the limitations defined below.

Personnel Management: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all personnel management decisions regarding positions included in approved UTIMCO operating budgets, and grants authority to the Chief Executive Officer to add non-budgeted personnel as necessary on an emergency basis, subject to review in the following budget cycle, provided that the addition of any non-budgeted personnel shall be promptly reported to the UTIMCO Board. All compensation decisions for officers of UTIMCO are excluded from this delegation.

Compliance: The UTIMCO Board hereby delegates all compliance operations to UTIMCO Management, while retaining all oversight functions as specified in UTIMCO policies.

Client Relations and Reporting: The UTIMCO Board hereby delegates all client relations and reporting decisions to UTIMCO Management.

Public Relations: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding public relations matters, except for those matters that are reserved to the UTIMCO Vice Chairman for Policy.

In addition, to facilitate the execution of the authority granted above, the UTIMCO Board hereby delegates the following specific duties and responsibilities to UTIMCO Management:

- *Contracts:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditors) for a total obligation of $1 million or less during the contract term; provided that for purposes of this delegation any contract that does not have a fixed term shall be deemed to have a term of one year; provided, further that notice of any such contracts, leases, or other commercial arrangements of $50,000 or more shall be reported to the UTIMCO Board at its regularly scheduled meetings.

- *Outside General Counsel: Management of UTIMCO's External Counsel:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO external counsel, provided that the UTIMCO external counsel shall continue to have primary reporting responsibility to the UTIMCO Board.

Investment Authority: The UTIMCO Board hereby delegates the following specific duties and responsibilities to UTIMCO Management:

- *Tactical Asset Allocation:* Without limitations of timing, procedures, or vehicles utilized, decisions regarding tactical asset allocation within the ranges established in Investment Policies, including rebalancing portfolio weights to Policy Target Weights or actively deviating from Policy Weights as market conditions dictate, are hereby delegated to the UTIMCO Chief Executive Officer, as long as any decisions do not violate established Investment Policies. Short sales of securities (including exchange traded funds, and individual common stocks and bonds, but excluding derivative instruments) to offset existing long positions for risk control purposes may also be utilized as a vehicle in tactical asset allocation. Prior to implementation of any short security sale strategy and throughout the duration of the strategy, risk analyses shall be performed to verify the expected risk reducing impact of the proposed strategy and that the strategy does not result in the risk position of the total Funds being outside the policy risk range.
- *Risk Management:* The UTIMCO Board hereby delegates all decisions regarding the design and operation of any risk management system to UTIMCO Management.
- *~~New Investment Vehicle and Manager Selection~~Allocation of Investment Funds to New Managers and Mandates:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to commit UT System funds to new relationships with internal or external investment managers or to new mandates with external investment managers already under existing relationships with UTIMCO, and the accompanying authority to negotiate and execute agency, partnership or subscription agreements as necessary, subject only to the following limitations:
    - More Correlated & Constrained Investments: Any new commitments exceeding (i) $~~400~~ 500 million to an individual internal or external manager; (ii) 20% of the total assets managed by an individual external manager; or (iii) 20% of the total

assets managed under a new investment strategy by an individual external manager, must follow the process outlined in Appendix A.

- o Less Correlated & Constrained Investments: Any new commitments exceeding (i) $~~200~~250 million; (ii) 20% of the total assets managed by an external manager; or (iii) 20% of the total assets managed under a new investment strategy by an individual external manager, must follow the process outlined in Appendix A.
- o Private Investments: Any new commitments exceeding (i) $~~100~~125 million; or (ii) 20% of the total assets managed by an external manager; or (iii) 20% of the total assets managed under a new investment strategy by an individual external manager; must follow the process outlined in Appendix A. All new commitments to direct Private Investments not qualifying as a Co-investment must follow the process outlined in Appendix A.
  - Co-investments: Any new commitment to a direct Private Investment with an existing external manager, exceeding (i) $50 million; (ii) 20% of the total assets managed by an external manager; (iii) 20% of the total assets managed under a new investment strategy by an individual external manager; or (iv) 20% of the total assets of the Private Investment portfolio in the aggregate; must follow the process outlined in Appendix A.
- ~~o For the purposes of the above thresholds, total assets managed by an existing internal or external manager shall be aggregated during the first six months following the initial funding of the mandate and shall not exceed $600 million for all Investment Types. "Total assets" shall be defined as NAV plus unfunded commitments. Mandates that exceed $600 million in the aggregate must follow the process outlined in Appendix A.~~
- ~~o Passive exposure, either by an individual internal or external manager, is limited only as required to maintain the Policy Portfolio within the Asset Class and Investment Type ranges.~~
- ~~o At any time prior to the closing of a commitment, the Staff will send each Board member a description of the proposed investment and a Certificate of Compliance for the investment.~~
- ~~o Other Investments: Any investments in Asset Classes not currently defined in the Policy Portfolio must receive specific UTIMCO Board approval regardless of size.~~
- ~~o Any commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted.~~
- o ~~The UTIMCO Chief Executive Officer will report to the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under this delegated authority.~~

- *Changing Allocations of Investment Funds ~~Among~~ to Existing ~~Internal and External~~ Managers and Mandates ~~and Partnerships~~:* Subsequent to the first six months of the UTIMCO relationship with a new manager, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to increase investments or commitments to existing internal or external investment managers and mandates, and the accompanying authority to renegotiate existing agency, partnership or subscription agreements as necessary, subject only to the following limitations:

- More Correlated & Constrained (MCC) Investments: Any increases that (i) exceed $~~200~~ 250 million to existing funds under management by any individual internal or external manager; or (ii) increase the total assets managed to more than ~~(a) $600 million with an individual internal or external manager or a larger amount approved by the Board for manager exceptions;~~ (~~b~~a) 20% of the total assets managed by an individual external manager~~,~~; or (~~c~~b) 20% of the total assets managed under a new investment strategy by an individual external manager, must follow the process outlined in Appendix A.
- Less Correlated & Constrained Investments: Any increases that (i) exceed $~~100~~ 125 million to existing funds under management; or (ii) increase the total assets managed to more than ~~(a) $500 million with an individual manager;~~ (~~b~~a) 20% of the assets managed by an external manager; or (~~c~~b) 20% of the total assets managed under a new investment strategy by an individual external manager, must follow the process outlined in Appendix A.
- Private Investments: Any increase that increases the total assets managed to more than (a) $~~150~~175 million with an individual manager in a single investment vehicle; (b) 20% of the total assets managed by an external manager; or (c) 20% of the total assets managed under an investment strategy by an individual external manager; must follow the process outlined in Appendix A.
  - Co-investments: Any increase to a direct Private Investment with an existing external manager, exceeding (i) $50 million; (ii) 20% of the total assets managed by an external manager; (iii) 20% of the total assets managed under a new investment strategy by an individual external manager; or (iv) 20% of the total assets of the Private Investment portfolio in the aggregate; must follow the process outlined in Appendix A.

Terms Applicable to All Internal and External Managers:

- ~~For the purposes of the above thresholds, no~~No commitment or increase shall be permitted which ~~(i) exceeds $300 million to an existing internal or external manager in the aggregate for all Investment Types or (ii) increases~~ causes the ~~total~~Total ~~assets~~Assets managed by an ~~existing~~ internal or external manager to ~~more than~~exceed $~~600~~750 million in the aggregate for all Investment Types except for managers limited to MCC Investment Grade Fixed Income mandates, which may not exceed $1.1 billion.
- For purposes of the above thresholds, "Total ~~assets~~Assets" shall be defined as NAV plus unfunded commitments. Any increases that exceed these amounts must follow the process outlined in Appendix A.
- Prior to a new relationship with an internal or external investment manager or to a new mandate with an existing external investment manager, the Staff will send each Board member a description of the proposed investment and a Certificate of Compliance for the investment.
- Passive exposure, either by an individual internal or external manager, is limited only as required to maintain the Policy Portfolio within the Asset Class and Investment Type ranges.

- ~~Any increase in investment or commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted.~~
- The UTIMCO Chief Executive Officer will report to the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under this delegated authority.

- *Manager Monitoring and Termination:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding monitoring and termination of existing internal or external investment managers.
- Notwithstanding, on a quarterly basis, manager mandates (excluding passive exposure) shall be aggregated across investment types and any mandate resulting in three percent (3%) or more exposure relative to the total Funds (excluding the ITF for Private Investments) will be reported to the Risk Committee at its next meeting. UTIMCO staff will be required to make a presentation and prepare a recommendation to the Risk Committee regarding an appropriate course of action for any manager mandate resulting in five percent (5%) or more exposure relative to the total Funds (excluding the ITF for the Private Investments). Such presentation and recommendation will include information regarding the manager mandate, including original amount of investment, historical performance, market and economic outlook, and appropriate sizing, with timelines for completion of any recommended action. After discussion and review by the Risk Committee, the Risk Committee may approve the recommendation of UTIMCO staff, determine a different appropriate level of exposure or request additional information to be presented at a subsequent meeting before action may be taken by UTIMCO staff. UTIMCO staff will be responsible for implementing any Risk Committee approved action.
- *Investment in Derivative Investments:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the Derivative Investments of the types set forth in Exhibit B of the Derivative Investment Policy and as authorized by the Funds' Investment Policy Statements. Any new derivative investment recommended by UTIMCO staff or for the engagement of an external manager operating under an Agency Agreement that has been approved by UTIMCO's Chief Investment Officer but is not within the delegated authority set forth in Exhibit B of the Derivative Investment Policy must follow the process outlined in Appendix A.
- *Internal Investment Management:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions associated with the direct management of assets by UTIMCO Staff.
- *Management of UTIMCO's External Investment Consultant:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO consultant, provided that the UTIMCO consultant shall continue to have primary reporting responsibility to the UTIMCO Board.

Documentation, Controls, and Reporting:
All UTIMCO Management decisions made under this Delegation of Authority Policy will be monitored by UTIMCO's Chief Compliance Officer. Any exceptions to this Policy will be reported to UTIMCO's Chief Executive Officer immediately. The UTIMCO Chief Executive Officer will develop a remedy to the exception, if possible, and report the exception and the remedy to the UTIMCO Chairman immediately. Additionally, the UTIMCO Chief Executive Officer will report any exceptions to this Policy to the UTIMCO Board at its next regularly scheduled meeting, unless the UTIMCO Chairman instructs otherwise.

Appendix A
UTIMCO Board Option to Review Proposed Investments

In instances where a proposed investment exceeds the stated Investment Authority of the UTIMCO Chief Executive Officer, the Staff must follow the procedures listed below to provide the UTIMCO Board the opportunity to review an investment proposal at a UTIMCO Board meeting:

1. Option to Review Investment Proposal

   a. For new commitments, Staff will send each UTIMCO Director an investment recommendation, a Certificate of Compliance if one has not previously been provided to each UTIMCO Director, an Option to Review Investment Proposal, and, if required by the UTIMCO Chief Executive Officer, a due diligence report provided by the external consultant. Staff will provide a UTIMCO Director a complete due diligence report upon request.

   b. For additional commitments to existing managers and partnerships, Staff will send each UTIMCO Director an executive summary of the proposed investment, an Option to Review Investment Proposal, and, if required by the UTIMCO Chief Executive Officer, a due diligence report provided by the external consultant. Staff will provide a UTIMCO Director a complete due diligence report upon request.

   c. For new Derivative Investments, Staff will send to each UTIMCO Director detailed documentation describing the proposed trade and an Option to Review Investment Proposal.

2. Option to Review Investment Proposal Form

   The Option to Review Investment Proposal Form will require a UTIMCO Director to choose one of the following alternatives:

   (i) I require a complete review of the investment at a subsequent Board meeting prior to the execution of the investment;

   (ii) I do not require a complete review of the investment at a subsequent Board meeting prior to the execution of the investment; or

   (iii) I do not require a complete review of the investment at a subsequent Board meeting prior to the execution of the investment but request that UTIMCO Staff make a presentation regarding the proposed investment at a future UTIMCO Board meeting.

3. If any UTIMCO Director requires a complete review of the investment prior to the execution of the investment, the Staff shall make a presentation to highlight the attributes of the proposed investment at the next UTIMCO Board meeting. Subsequent to hearing the presentation, the Board shall vote to approve such investment.

The University of Texas Investment Management Company
Mandate Categorization Procedure

Effective Date of Procedure: ~~August 1, 2011~~July 22, 2013
Date Approved by UTIMCO Board: ~~July 14, 2011~~July 22, 2013
Supersedes Mandate Categorization Procedure dated August 1, ~~2010~~2011

Background: The Investment Policy Statements for the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), and Intermediate Term Fund ("ITF") (collectively, the Funds) provide that assets of the Funds shall be allocated among a broad set of Asset Classes and Investment Types based on their individual risk/return characteristics and relationships to other Asset Classes and Investment Types. Asset Classes and Investment Types are defined in the Funds' Investment Policy Statements coupled with policy targets and ranges. Policy targets and ranges are a primary component of the Investment Policy Statements. The Derivative Investment Policy provides guidelines on accepted derivative applications that the Funds may deploy and broadly speaks to the reporting of such applications to the UTIMCO Board.

Individual investment mandates may exhibit a multitude of investment characteristics whereby the classification of such mandates is not entirely straightforward. As investment mandates with managers are less constrained in order to take advantage of capital market opportunities, coupled with the increasing use of derivative instruments and other investment tools, greater transparency regarding the process of classifying an investment mandate is desired.

Purpose: The purpose of this Mandate Categorization Procedure is to provide guidance in determining the classification and reporting of an investment mandate within the Asset Class and Investment Type definitions of the Investment Policy Statements.

Objective: The objective of this Procedure is to provide greater transparency into the process of classifying an investment mandate within the approved Asset Classes and Investment Types as defined in the Funds' Investment Policy Statements.

Scope: Investment mandates shall include derivative applications for both internal and external investment manager mandates.

Investment Mandate Guidelines:
Within the Investment Policy Statements there are six Asset Classes:

A. Investment Grade Fixed Income
B. Credit-Related Fixed Income
C. Natural Resources
D. Real Estate
E. Developed Country Equity
F. Emerging Markets Equity

The definitions of these Asset Classes are more fully described in the Funds' Investment Policy Statements. The six Asset Classes are coupled with three Investment Types:

1. More Correlated & Constrained Investments
2. Less Correlated & Constrained Investments
3. Private Investments

Investment mandates shall be classified according to their Asset Class and Investment Type. For example, a manager investing primarily in distressed private securities would be classified as follows:

Asset Class: Credit-Related Fixed Income
Investment Type: Private Investments

Investment mandates that invest in more than one Asset Class shall be classified by the responsible Managing Director in a single Asset Class based on (i) where the majority of the assets will be invested by the manager and/or (ii) UTIMCO's objective/intent when entering into the mandate. The Managing Director may recommend a percentage split of a mandate across Asset Classes, but this should only occur in instances where significant amounts are invested and the mandate does not have an Asset Class concentration or where the Asset Class concentrations are likely to vary over time.

The Investment Type for any given mandate shall be classified based on its investment characteristics. The following investment characteristics will be utilized to assess a particular investment mandate:

Criteria	**More Correlated & Constrained Investments/Mandates**	**Less Correlated & Constrained investments/Mandates**	**Private Investments**
Single Asset Class	Generally one asset class	Often multiple asset classes	Generally one asset class
Beta	Generally higher levels of beta (e.g., 0.75+)	Often less beta (e.g., <0.75)	Generally higher levels of beta (e.g., 0.75+)
Traded Securities	Generally publicly traded	Majority publicly traded but also non-publicly traded	Generally not publicly traded
Gross Leverage	Limited levels of leverage, typically 160% or less, and typically net long not over 100%	Often utilize leverage and may be net long over 100%	Limited levels of leverage, typically 160% or less, and typically net long not over 100%
Shorting	Limited levels of shorting	Often utilize short positions	Generally do not utilize short positions
Use Derivatives	Limited use of derivatives	Generally use derivatives	Limited use of derivatives
Transparency	Significant position-level transparency for UTIMCO or risk provider	Limited position-level transparency	Generally investment-level transparency
Liquidity	Generally limited use of lock-ups, notice periods and redemption windows	Often lock-ups, notice periods and/or redemption windows	Typically capital commitment/call/ distribution structure
Performance Fees	May include performance fees, but often over asset class hurdle	Generally include performance fees	Generally include performance fees

Investment Mandate Process

Each new mandate will be assessed as to Investment Type according to the above criteria by the Managing Director recommending or monitoring the investment.

The Managing Director will recommend the Asset Class and Investment Type categorization for each mandate. The Chief Compliance Officer and Chief Investment Officer will provide his/her agreement or recommended categorization. The Chief Investment Officer will report the categorization of new mandates to the Risk Committee at its next regular meeting for their approval or re-categorization.

~~All existing mandates will be reviewed annually by the Managing Director, Chief Compliance Officer and Chief Investment Officer. Any recommended re-categorizations will require Risk Committee approval. In addition, if, after an initial or annual Asset Class and Investment Type categorization of a mandate,~~ Prior to each Risk Committee meeting, the Chief Compliance Officer will review existing mandate categorizations with the Chief Investment Officer and Managing Directors to determine whether there have been any change(s) in the investment characteristics of the mandate that warrant a re-categorization. If the Chief Investment Officer, a Managing Director, or the Chief Compliance Officer ~~become aware of~~ determine there has been a change(s) in the investment characteristics of the mandate that warrant a re-categorization, the Chief Investment Officer will designate the new Asset Class and Investment Type re-categorization and will report such to the Risk Committee at its next regular meeting for their approval or re-categorization.

Criteria for Classification of Derivatives[1]:
Internally managed Derivative Applications shall be classified in the Asset Class and Investment Type for which the derivative application was intended to replicate or increase exposure or to reduce risk.

[1] Definitions of the terms used in this section may be found in the Derivative Investment Policy Exhibit A Glossary of Terms.

BYLAWS

OF

THE UNIVERSITY OF TEXAS INVESTMENT

MANAGEMENT COMPANY

Restated to Include
Amendments Adopted on

March 13, 1997
(Approved by the Board of Regents on May 8, 1997)

May 2, 1997
(Approved by the Board of Regents on May 8, 1997)

September 22, 1999
(Approved by the Board of Regents on November 11, 1999)

December 9, 1999
(Approved by the Board of Regents on February 10, 2000)

October 26, 2001
(Approved by the Board of Regents on November 8, 2001)

June 26, 2003
(Approved by the Board of Regents on August 7, 2003)

Ratified September 29, 2004
(Approved by the Board of Regents on August 12, 2004)

May 25, 2006
(Approved by the Board of Regents on July 13, 2006)

January 30, 2008
(Approved by the Board of Regents on February 7, 2008)

July 14, 2011
(Approved by the Board of Regents on August 25, 2011)

July 22, 2013
(Approved by the Board of Regents on August 22, 2013)

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BYLAWS

OF

THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

ARTICLE I
STRUCTURE AND PURPOSES

Section 1. Structure. The University of Texas Investment Management Company (the "Corporation") is a nonprofit corporation organized under the laws of the State of Texas, including the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 (the "Act"). The Articles of Incorporation of the Corporation (as amended from time to time, the "Articles of Incorporation") were filed in the office of the Secretary of the State of Texas on November 15, 1995.

Section 2. Member. The Corporation shall have no members.

Section 3. Purposes. The Corporation is organized and will be operated exclusively for charitable and educational purposes. In accomplishment of such purposes, the Corporation will be administered solely for the purpose of aiding, assisting, supporting and acting on behalf of The University of Texas System (the "System"), an agency of the State of Texas, in the performance of its essential governmental function of providing higher education in accordance with the laws of the State of Texas authorizing and governing the System and the creation of the Corporation. The Corporation shall have, without limitation, the following purposes:

(a) To invest funds under the control and management of the Board of Regents of the System (the "Board of Regents"), including the permanent university fund, as designated by the Board of Regents in accordance with the laws of the State of Texas; and

(b) To perform such other activities or functions that the Board of Directors of the Corporation determines are necessary or appropriate for the accomplishment of the purposes of the Corporation, provided, however, that the Corporation may not engage in any business other than investing funds designated by the Board of Regents pursuant to a contract with the System for the investment of such funds.

Section 4. Approval by System. Notwithstanding the powers delegated to the Board of Directors of the Corporation, the Corporation may not contract with the Board of Regents to invest funds under the control and management of the Board of Regents, including the permanent university fund, unless and until the Board of Regents has approved (i) the Articles of Incorporation and Bylaws of the Corporation; (ii) the investment policies of the Corporation; (iii) the audit and ethics committee of the Corporation; and (iv) the code of ethics of the Corporation. Furthermore, the Board of Regents must approve (i) any amendments to the Articles of Incorporation and Bylaws of the Corporation; (ii) any changes to the investment policies of the Corporation; (iii) any changes in the audit and ethics committee of the

Corporation; and (iv) any changes in the code of ethics of the Corporation. The Corporation shall file reports with the Board of Regents quarterly, and at such other times as requested by the Board of Regents, concerning such matters as required by the Board of Regents.

Section 5. Prohibited Transactions. In addition to the prohibitions of the laws of the State of Texas, the Corporation may not enter into an agreement or transaction with a former director, officer, or employee of the Corporation, or a business entity in which a former director, officer, or employee of the Corporation has an interest, on or before the first anniversary of the date the person ceased to be a director, officer, or employee of the Corporation. For purposes of this section (i) a former director, officer, or employee of the Corporation has an interest in a business entity if such person owns (a) five percent or more of the voting stock or shares of the business entity or (b) five percent or more of the fair market value of the business entity, and (ii) a former director of the Corporation has an interest in a business entity if money received by such person from the business entity exceeds five percent of the person's gross income for the preceding calendar year. A two-thirds majority of the Board of Directors of the Corporation shall be required to forward to the Board of Regents a change to this Section.

Section 6. Revolving Door. A former director or employee of the Corporation may not make any communication to or appearance before a current director or employee of the Corporation before the second anniversary, in the case of a former director, or the first anniversary, in the case of a former employee, of the date the former director or employee ceased to be a director or employee of the Corporation if the communication or appearance is made (a) with the intent to influence, and (b) on behalf of any person in connection with any matter on which the person seeks action by the Corporation. If a director of the Corporation knowingly communicates with a former director or employee of the Corporation, whose communication or appearance is made with the intent to influence, and on behalf of any person in connection with any matter on which the person seeks action by the Corporation, such director shall be subject to removal from serving as a director of the Corporation. If an employee of the Corporation knowingly communicates with a former director or employee of the Corporation whose communication or appearance is made with the intent to influence, and on behalf of any person in connection with any matter on which the person seeks action by the Corporation, such director or employee shall be subject to disciplinary action. A two-thirds majority of the Board of Directors of the Corporation shall be required to forward to the Board of Regents a change to this Section.

ARTICLE II
OFFICES

Section 1. Principal Place of Business. The principal place of business of the Corporation shall be located at 401 Congress Avenue, Suite 2800, Austin, Texas 78701. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

Section 2. Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is the Corporation's registered office, as required by the Act. The registered office may, but need not, be identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors in accordance with applicable law.

ARTICLE III
BOARD OF DIRECTORS

Section 1. Powers. The property, business, and affairs of the Corporation shall be managed and controlled by the Board of Directors, and subject to the restrictions imposed by law, the Articles of Incorporation, and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation.

Section 2. Number. The Board of Directors shall consist of nine (9) Directors consistent with Texas Education Code Section 66.08.

Section 3. Appointment and Term. In compliance with applicable law, six (6) Directors shall be appointed by the Board of Regents, pursuant to a process determined by the Board of Regents and shall include (i) at least three (3) persons then serving as members of the Board of Regents ("Regental Directors"), ~~and~~ (ii) three (3) persons with substantial background and expertise in investments, and (iii) one qualified individual as determined by the Board of Regents, which may include the Chancellor of The University of Texas System; and two (2) Directors shall be appointed by the Board of Regents of The Texas A&M University System pursuant to a process determined by the Board of Regents of The Texas A&M University System and shall include at least one (1) person with substantial background and expertise in investments~~; provided that, notwithstanding the foregoing, persons duly appointed and serving as Directors on June 17, 2011, shall continue to serve as Directors subject to the last sentence of this Section 3. The initial two (2) Directors appointed by the Board of Regents of The Texas A&M University System pursuant to the foregoing shall be appointed as follows: (i) one (1) Director shall be appointed on the expiration of the term of office of a Director serving on June 17, 2011, who under prior law, was appointed to that position on recommendation of the Board of Regents of The Texas A&M University System; and (ii) one (1) Director shall be appointed on the first expiration after June 17, 2011, of a term of office of any Director, other than the Director described in clause (i) of this sentence and any Director who also serves as a member of the board of regents of a university system, as defined by Section 61.003, Texas Education Code~~. If appointed to the UTIMCO Board by the Board of Regents, ~~T~~the Chancellor of the System shall ~~also~~ serve as a Director so long as he or she remains Chancellor of the System or until the Chancellor's earlier removal or resignation as provided in these Bylaws. The three (3) Regental Directors shall serve for two-year terms that expire on the first day of April of each odd-numbered year. The remaining Directors (other than the Chancellor of the System and the Regental Directors) shall serve three-year staggered terms that expire on the first day of April of the appropriate year. No such Director (other than the Chancellor of the System and the Regental Directors) shall serve more than three (3) full three-year terms. Notwithstanding the foregoing, the Board of Regents may, from time to time, alter the terms of the Directors it is authorized to appoint and the Board of Regents of The Texas A&M University System may, from time to time, alter the terms of the Directors it is authorized to appoint. Each person serving as a Director shall serve until the expiration of such Director's term, or until such Director's successor has been chosen and qualified, or until such Director's earlier death, resignation, or removal as provided in these Bylaws.

Section 4. Removal and Resignation. Any Director appointed by the Board of Regents may be removed from office at any time, with or without cause, by the Board of Regents. Any Director appointed by the Board of Regents of The Texas A&M University System may be removed from office at any time, with or without cause, by the Board of Regents of The Texas A&M University System. Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Vacancies. Any vacancy occurring in the office of a Director, whether by death, resignation, removal, increase in the number of Directors, or otherwise, shall be filled by the entity authorized to appoint the Director.

Section 6. Meetings of Directors. The Directors may hold meetings and keep the Corporation's books and records at such place or places within the State of Texas as the Board of Directors may from time to time determine.

Section 7. Annual Meetings. The annual meeting of the Board of Directors ("Annual Meeting") shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, or, if not so designated, on the third Thursday of the month of April of each year at the Corporation's principal office for the purpose of (i) electing officers for the ensuing year, and (ii) transacting such other business as may be properly brought before such Annual Meeting. Notice of Annual Meetings shall be required.

At the request of the U. T. Board of Regents, a joint meeting with the U. T. Board of Regents ("Joint Meeting") shall be held to discuss investment policies including asset allocation, investment performance, determination of risk, performance of the Corporation, organizational issues, proposed budget, and related issues. Notice of Joint Meetings shall be required.

Section 8. Regular Meetings. Regular meetings of the Board of Directors ("Regular Meetings") shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of Regular Meetings shall be required. The UTIMCO President shall consult with the Chairman and the Chancellor~~, as Vice Chairman for Policy,~~ on the draft agenda for meetings of the UTIMCO Board at least three (3) weeks prior to each regular UTIMCO Board meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors ("Special Meetings") shall be held at such times and places as shall be designated from time to time by the Chairman or, on the written request of any Director, by the Secretary or on the written request of the Board of Regents. Notice of Special Meetings shall be required.

Section 10. Notice of Meetings. The Secretary shall give notice of the time and place of each Annual, Joint, Regular and Special Meeting to each Director in person, or by mail, electronic mail, telegraph, or telephone, at least five (5) days before and not sooner than fifty (50) days before such meeting; provided, however, that in the case of a Special Meeting called because of an emergency or urgent necessity, notice will be provided as required by the Texas Open Meetings Act.

Section 11. Quorum. A majority of the then acting Directors shall constitute a quorum for the consideration of any matters pertaining to the Corporation's purposes. If at any meeting of the Board of Directors there is less than a quorum present, the Chairman may adjourn the meeting from time to time. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

Section 12. Voting. Directors must vote in person and proxy voting is prohibited.

Section 13. Conduct of Business. At meetings of the Board of Directors, matters pertaining to the Corporation's purposes shall be considered.

At all meetings of the Board of Directors, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, the Vice Chairman of the Board or the Vice Chairman for Policy shall preside. In the absence of the Chairman of the Board and the Vice Chairmen of the Board, a chairman shall be chosen by the Board of Directors from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the Chairman may appoint any person to act as secretary of the meeting.

The chairman of any meeting of the Board of Directors shall determine the order of business and the procedure at the meeting, including, without limitation, conduct of the discussion and the order of business pursuant to a duly posted agenda.

Section 14. Compensation of Directors; Expenses. Persons serving as Directors shall not receive any salary or compensation for their services as Directors. A Director shall be entitled to reimbursement for reasonable expenses incurred by the Director in carrying out duties as a Director.

ARTICLE IV
COMMITTEES

Section 1. Board Committees. The Board of Directors may from time to time designate members of the Board of Directors to constitute committees that shall have and may exercise such powers as a majority of the Board of Directors may determine in the resolution that creates the committee; provided, however, that the Board of Regents must approve the audit and ethics committee of the Corporation as required by applicable law and further provided that the full UTIMCO Board shall fully review, discuss, and approve performance compensation for UTIMCO officers and employees following careful consideration and due diligence. The Board of Directors may appoint individuals who are not members of the Board of Directors to any committee; provided, however, that a majority of the committee members shall be members of the Board of Directors if such committee exercises the authority of the Board of Directors in the management of the Corporation.

Other committees, not having and exercising the authority of the Board of Directors in the management of the Corporation, may be designated and members appointed by a resolution adopted by the Board of Directors. Membership of such committees may, but need not, be limited to Directors.

Any Director appointed to a committee designated by the Board of Directors shall cease to be a member of such committee when he or she is no longer serving as Director.

Section 2. Procedures; Meetings; Quorum. Any committee created by the Board of Directors or these Bylaws, unless otherwise expressly provided herein, shall (i) have a chairman designated by the Board of Directors, (ii) fix its own rules or procedures, (iii) meet at such times and at such place or places as may be provided by such rules or by resolution of such committee or resolution of the Board of Directors, and (iv) keep regular minutes of its meetings and cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation, and report the same to the Board of Directors at its next Regular Meeting. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any action, unless otherwise expressly provided in the committee's rules or procedures or these Bylaws or by the Board of Directors.

The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

Section 3. Nominating Committee. The Chairman may appoint a Nominating Committee to make recommendations to him or her on positions as requested.

ARTICLE V
OFFICERS

Section 1. Number, Titles, and Term of Office. The officers of the Corporation shall consist of a Chairman of the Board, a Vice Chairman for Policy, a Vice Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers and assistant officers as the Board of Directors may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibility as may be assigned to them by the Board of Directors. Any two (2) or more offices may be held by the same individual, except the offices of President and Secretary and the offices of Chairman and Vice Chairman. Except for those officers elected at the organizational meeting (the "Organization Meeting"), the term of office for each officer shall be until the next succeeding Annual Meeting at which officers are elected. The term of office for those officers elected at the Organization Meeting shall be that period of time beginning on the date of the Organization Meeting and ending on the date of the first Annual Meeting. In any event, a duly-elected officer shall serve in the office to which he or she is elected until his or her successor has been duly elected and qualified.

Section 2. Removal. Any officer or agent or member of a committee elected or appointed by the Board of Directors may be removed by the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Election or appointment of an officer or agent or member of a committee shall not of itself create contract rights.

Section 3. Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 4. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors. The Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than three (3) full one-year terms as Chairman.

Section 5. Powers and Duties of the Vice Chairman of the Board. The Vice Chairman of the Board shall have such powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors and shall exercise the powers of the Chairman during that officer's absence or inability to act. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman at the time such action was taken. The Vice Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than three (3) full one-year terms as Vice Chairman.

Section 6. Powers and Duties of the Vice Chairman for Policy. If appointed to the UTIMCO Board by the Board of Regents, ~~T~~the Chancellor of the System shall serve as Vice Chairman for Policy; otherwise, the Board shall appoint another Director to serve as the Vice Chairman for Policy. ~~and~~ The Vice Chairman for Policy shall coordinate those responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and

System by the Rules and Regulations of the Board of Regents and the Master Investment Management Services Agreement with UTIMCO to facilitate UTIMCO's performance of its core investment duties. The Vice Chairman for Policy shall exercise the powers of the Chairman during the absence or inability to act of both the Chairman and the Vice Chairman of the Board. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman and the Vice Chairman at the time such action was taken.

Section 7. Powers and Duties of the President. All references to the President in this document shall mean the Chief Executive Officer of the Corporation. If the positions of President and Chief Executive Officer are held by different individuals the responsibilities designated to the President in these Bylaws shall be performed by the Chief Executive Officer. Subject to the control of the Board of Directors, the President shall have general executive charge, management, and control of the properties, business, and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Corporation subject to the approval of the Board of Directors and the Executive Committee, if any; and shall have such other powers and duties as may be designated in these Bylaws and as may be assigned to such officer from time to time by the Board of Directors pursuant to a duly approved Delegation of Authority Policy.

Section 8. Powers and Duties of the Treasurer. The Treasurer shall have custody of all of the Corporation's funds and securities that come into such officer's hands. When necessary or proper, the Treasurer may endorse or cause to be endorsed, in the name and on behalf of the Corporation, checks, notes, and other obligations for collection and shall deposit or cause to be deposited the same to the credit of the Corporation in such bank or banks or depositories and in such manner as shall be designated and prescribed by the Board of Directors; may sign or cause to be signed all receipts and vouchers for payments made to the Corporation either alone or jointly with such other officer as may be designated by the Board of Directors; whenever required by the Board of Directors, shall render or cause to be rendered a statement of the cash account; shall enter or cause to be entered regularly in the Corporation's books to be kept by such officer for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors; and shall, if required by the Board of Directors, give such bond for the faithful discharge of such officer's duties in such form as the Board of Directors may require.

Section 9. Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; shall attend to the giving and serving of all notices; in furtherance of the Corporation's purposes and subject to the limitations contained in the Articles of Incorporation, may sign with the President in the name and on behalf of the Corporation and/or attest the signatures thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Corporation; shall have charge of the Corporation's books, records, documents, and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall be open at reasonable times to the inspection of any Director upon application at the Corporation's office during business hours; and shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors. The Secretary shall assure that current copies of the Corporation's Articles of Incorporation and Bylaws, Corporation Policies, Investment Policies approved by the Board of Regents, Committee Charters, and Minutes of all meetings of the Corporation and Committees are posted on the Corporation's website. The Secretary will assure that all open meetings of the Corporation are recorded and that recordings are available upon request.

ARTICLE VI
MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The Corporation's fiscal year shall be as determined from time to time by the Board of Directors.

Section 2. Seal. The Corporation's seal, if any, shall be such as may be approved from time to time by the Board of Directors.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by mail under the provisions of these Bylaws, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed postpaid wrapper addressed to the person or Board of Regents entitled thereto at such person's post office address, as such appears in the records of the Corporation, and such notice shall be deemed to have been given on the date of such mailing. A waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 4. Public Information. The Board of Directors shall comply with applicable provisions of the Texas Public Information Act.

Section 5. Open Meetings. The Board of Directors shall conduct open meetings in accordance with Section 66.08(h), Texas Education Code. The Secretary is required to provide public notice of such meetings in accordance with applicable law therewith.

ARTICLE VII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Subject to any limitations and conditions in these Bylaws, including, without limitation, this Article VII, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (a "Proceeding"), or any appeal of such a Proceeding or any inquiry or investigation that could lead to a Proceeding, by reason of the fact that he or a person of whom he is the legal representative, is or was a Director or officer of the Corporation, or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, shall be indemnified by the Corporation to the fullest extent authorized by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with a Proceeding, but if the Proceeding was brought by or in behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred or suffered by such person in connection therewith, and indemnification under these Bylaws shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. In no case, however, shall the Corporation indemnify any person, or the legal representatives of any person, with respect to any matters as to which such person shall be finally adjudged in any such Proceeding to be liable on the basis that personal benefit resulted from an action taken in such person's official capacity, or in which such person is found liable to the Corporation. Any person entitled to indemnification pursuant to this Article VII is sometimes referred to herein as an "Indemnified Person."

Section 2. Advance Payment. An Indemnified Person's right to indemnification conferred in this Article VII shall include the right to be paid or reimbursed by the Corporation the reasonable expenses incurred by an Indemnified Person who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding; provided, however, that the payment of such expenses incurred by an Indemnified Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Corporation of a written affirmation by such Indemnified Person of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article VII and a written undertaking by or on behalf of such Indemnified Person to repay all amounts so advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified under this Article VII or otherwise.

Section 3. Appearance as a Witness. Notwithstanding any other provision of this Article VII, the Corporation may pay or reimburse expenses incurred by an Indemnified Person in connection with his or her appearance as a witness or other participation in a Proceeding at a time when the Indemnified Person is not a named defendant or respondent in the Proceeding.

Section 4. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VII shall not be exclusive of any other right which an Indemnified Person may have or hereafter acquire under any law (common or statutory), the Articles of Incorporation, the Bylaws, agreement, vote of disinterested Director or otherwise.

Section 5. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself or any Indemnified Person, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article VII.

Section 6. Savings Clause. If this Article VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Indemnified Person as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VIII
AMENDMENTS

Section 1. Amendment. These Bylaws may be altered, amended, or repealed by the Board of Directors with the approval of the Board of Regents. A request by the Board of Regents to consider an alteration, amendment, or repeal of these Bylaws will be considered at the next regular meeting of the Corporation or at a special meeting called for that purpose.

Agenda Item
UTIMCO Board of Directors Meeting
July 22, 2013

Agenda Item: Report from Audit and Ethics Committee, including (1) Discussion and Appropriate Action Related to Corporate Auditor and (2) Personal Trading Update

Developed By: Zimmerman, Gonzalez, Moeller

Presented By: Wilson

Type of Item: Action item related to Engaging Corporate Auditor; discussion item on other items

Description: An Audit and Ethics Committee ("Committee") meeting was held on July 9, 2013. The Committee's agenda included the following: (1) discussion and appropriate action related to minutes; (2) discussion and appropriate action related to engaging corporate external auditor; (3) report from UT System Audit Office: a) update on 2013 Audit Plan, b) discussion and appropriate action related to 2014 audit plan, c) discussion of internal audits; (4) personal trading update; (5) update of compliance, reporting, and audit issues; (6) discussion of Audit and Ethics Committee's self-assessment; (7) discussion and appropriate action related to base salary, performance incentive plan participation, and performance goals for the General Counsel and Chief Compliance Officer for the 2013-14 fiscal year; and (8) presentation of unaudited financial statements for the nine months ended May 31, 2013 for the Funds and the Corporation.

Discussion: The Committee discussed and approved the hiring of Deloitte and Touche LLP as the corporate auditor and will recommend that the Board approve Deloitte and Touch LLP as the corporate auditor. If approvedby the Board, FY 2013 will be the seventh year that Deloitte serves as the Corporation's independent auditor. Estimated fees for the 2013 audit services are $35,500 plus out-of-pocket expenses, an increase of $2,000 from the 2012 audit.

Jerry Turner, with the assistance of UTIMCO Staff, performed a best practices review of employee reporting of personal securities transactions. Mr. Turner discussed the review process and conclusions arrived at with the Committee and will also present to the Board the personal trading update.

UT System Audit Office presented to the Committee the Audit Office's 2014 internal audit plan and the Committee approved the plan, provided an update of its 2013 audit activities, presented the report of the Laptop Encryption and IT Inventory report and reported on the progress of the Separately Invested Funds audit.

The UTIMCO Audit Charter requires that the Committee evaluate its performance on a regular basis. A Self-Assessment survey was provided to the Committee members in June. Mr. Zimmerman shared the findings of the self-assessments.

The Committee postponed until a future meeting the discussion and approval of the General Counsel and Chief Compliance Officer's base salary, performance incentive plan participation, and performance goals for the 2013-14 fiscal year and performance period.

Routine activities of the Committee included reviewing the unaudited financial statements for the nine month period for the Funds and the UTIMCO Corporation, and the quarterly compliance reports.

Recommendation: Committee will request appropriate action related to the hiring of Deloitte & Touche LLP as the corporate auditor.

Reference: Draft Deloitte & Touche LLP Engagement Letter
Employees Personal Trading Update Presentation
Quarterly Compliance Reports

RESOLUTION RELATED TO INDEPENDENT AUDITOR FOR THE CORPORATION

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2013.

June XX, 2013

Ms. Joan Moeller
Managing Director—Accounting, Finance and Administration
The University of Texas Investment Management Company
401 Congress Street, Suite 2800
Austin, TX 78701

Dear Ms. Moeller:

Deloitte & Touche LLP ("D&T" or "we" or "us") is pleased to serve as independent auditors for The University of Texas Investment Management Company ("UTIMCO" or the "Company"). Mr. Thomas Wagner will be responsible for the services that we perform for the Company hereunder.

In addition to the audit services we are engaged to provide under this engagement letter, we would also be pleased to assist the Company on issues as they arise throughout the year. Hence, we hope that you will call Mr. Wagner whenever you believe D&T can be of assistance.

The services to be performed by D&T pursuant to this engagement are subject to the terms and conditions set forth herein and in the accompanying appendices. Such terms and conditions shall be effective as of the date of the commencement of such services.

Audit of Financial Statements

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards"). The objective of an audit conducted in accordance with generally accepted auditing standards is to express an opinion on whether the Company's financial statements for the year ending August 31, 2013, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles").

Appendix A contains a description of the auditor's responsibilities and the scope of an audit in accordance with generally accepted auditing standards.

D&T Reports

We expect to issue a written report upon the completion of our audit. Our ability to express an opinion or to issue any report as a result of this engagement and the wording thereof will, of course, be dependent on the facts and circumstances at the date of our report. If, for any reason, we are unable to complete our audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue any report as a result of this engagement. If we are unable to complete our audit or if any report to be issued by D&T as a result of this engagement requires modification, the reasons for this will be discussed with the Company's management.

Management's Responsibilities

Appendix B describes management's responsibilities.

Responsibility of the Audit and Ethics Committee

As independent auditors of the Company, we acknowledge that the UTIMCO Board of Directors (the "Audit and Ethics Committee") is directly responsible for the appointment, compensation, and oversight of our work, and accordingly, except as otherwise specifically noted, we will report directly to the Audit and Ethics Committee. You have advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities as subcontractors in connection with this engagement, have been approved by the Audit and Ethics Committee in accordance with the Audit and Ethics Committee's established preapproval policies and procedures.

Communications with the Audit and Ethics Committee

Appendix C describes various matters that we are required by generally accepted auditing standards to communicate with the Audit and Ethics Committee and management.

Fees

We estimate that our fees for this engagement will be $35,500, plus expenses. Based on the anticipated timing of the work, our fees will be billed approximately as follows:

Invoice Date	Amount
August 5, 2013	$30,000
November 4, 2013	5,500

We anticipate sending invoices according to the above schedule, and payments are due 30 days from the date of the invoice. Engagement-related expenses, such as travel, lodging, transportation, meals, telephone, typing, etc. will be billed in addition to the fees and will be stated separately on the invoices.

Our continued service on this engagement is dependent upon payment of our invoices in accordance with these terms. Our estimated fees are based on certain assumptions, including (1) timely and accurate completion of the requested entity participation schedules and additional supporting information, (2) no inefficiencies during the audit process or changes in scope caused by events that are beyond our control, (3) the effectiveness of internal control over financial reporting throughout the period under audit, (4) a minimal level of audit adjustments (recorded or unrecorded), and (5) no changes to the timing or extent of our work plans. We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees, as necessary.

Inclusion of D&T Reports or References to D&T in Other Documents or Electronic Sites

If the Company intends to publish or otherwise reproduce in any document any report issued as a result of this engagement, or otherwise make reference to D&T in a document that contains other information in addition to the audited financial statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular, or in a private placement memorandum), thereby associating D&T with such document, the Company agrees that its management will provide D&T with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of any of our reports, or the reference to D&T, in such document before the document is printed and distributed. The inclusion or incorporation by reference of any of our reports in any such document would constitute the reissuance of such reports. The Company also agrees that its management will notify us and obtain our approval prior to including any of our reports on an electronic site.

Our engagement to perform the services described herein does not constitute our agreement to be associated with any such documents published or reproduced by or on behalf of the Company. Any request by the Company to reissue any report issued as a result of this engagement, to consent to any such report's inclusion or incorporation by reference in an offering or other document, or to agree to any such report's inclusion on an electronic site will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request; fees for such services (and their scope) would be subject to the mutual agreement of the Company and D&T at such time as D&T is engaged to perform the services and would be described in a separate engagement letter.

* * * * * *

The parties acknowledge and agree that D&T is being engaged under this engagement letter to provide only the services described herein. Should the Company or Audit and Ethics Committee request, and should D&T agree to provide, services (including audit services) beyond those described herein, such services will constitute a separate engagement and will be governed by a separate engagement letter.

This engagement letter, including Appendices A through E attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes any other prior or contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

If the above terms are acceptable and the services described are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

By your signature below, you confirm that the Company, through its Audit and Ethics Committee, has expressly authorized you to enter into this agreement with us on the Company's behalf.

Accepted and agreed to by the Company:

By:____

Title:____

Date:____

APPENDIX A

AUDITOR'S RESPONSIBILITIES AND SCOPE OF AN AUDIT IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

This Appendix A is part of the engagement letter dated June XX, 2013, between Deloitte & Touche LLP and The University of Texas Investment Management Company and approved by the Audit and Ethics Committee of the UTIMCO Board of Directors and the management of UTIMCO.

Auditor's Responsibilities

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 Audit and Ethics Committee are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Audit and Ethics Committee of their responsibilities.

Scope of an Audit

Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements as a whole are free from material misstatement, whether caused by fraud or error. However, because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with generally accepted auditing standards. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by fraud or error, that are not material to the financial statements as a whole are detected.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

APPENDIX B

MANAGEMENT'S RESPONSIBILITIES

This Appendix B is part of the engagement letter dated June XX, 2013, between Deloitte & Touche LLP and The University of Texas Investment Management Company and approved by the Audit and Ethics Committee of the UTIMCO Board of Directors and the management of UTIMCO.

Financial Statements

Management is responsible for the preparation, fair presentation, and overall accuracy of the financial statements in accordance with generally accepted accounting principles. In this regard, management has the responsibility for, among other things:

- Selecting and applying the accounting policies
- Designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- Identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and informing us of all instances of identified or suspected noncompliance with such laws or regulations
- Providing us with (1) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, (2) additional information that we may request from management for the purpose of our audit, and (3) unrestricted access to personnel within the Company from whom we determine it necessary to obtain audit evidence

Management's Representations

We will make specific inquiries of the Company's management about the representations embodied in the financial statements. In addition, we will request that management provide us with the written representations the Company is required to provide to its independent auditors under generally accepted auditing standards. The responses to those inquiries and the written representations of management are part of the evidential matter that D&T will rely on in forming its opinion on the Company's financial statements. Because of the importance of management's representations, the Company agrees to release and indemnify D&T, its subcontractors, and their respective personnel from all claims, liabilities, and expenses relating to our services under this engagement letter attributable to any misrepresentation by management.

Independence Matters

In connection with our engagement, D&T, management, and the Audit and Ethics Committee will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. Management of the Company will ensure that the Company has policies and procedures in place for the purpose of ensuring that neither the Company nor its affiliates will act to engage D&T or accept from D&T any service that under American Institute of Certified Public Accountants (AICPA) or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. Wagner.

Management will coordinate with D&T to ensure that D&T's independence is not impaired by hiring former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA Code of Professional Conduct, that would cause a violation of the AICPA Code of Professional Conduct or other applicable independence rules. Any employment opportunities with the Company for a former or current D&T partner, principal, or professional employee should be discussed with Mr. Wagner before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

For purposes of the preceding two paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu Limited, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu Limited and its member firms; and, in all cases, any successor or assignee.

APPENDIX C

COMMUNICATIONS WITH AUDIT AND ETHICS COMMITTEE

This Appendix C is part of the engagement letter dated June XX, 2013, between Deloitte & Touche LLP and The University of Texas Investment Management Company and approved by the Audit and Ethics Committee of the UTIMCO Board of Directors and the management of UTIMCO.

We are responsible for communicating with the Audit and Ethics Committee significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Audit and Ethics Committee in overseeing the financial reporting process.

In connection with the foregoing, we will communicate to the Audit and Ethics Committee any fraud we identify or suspect that involves (1) management, (2) employees of the Company who have significant roles in internal control, or (3) other employees of the Company when the fraud results in a material misstatement of the financial statements. In addition, we will communicate with the Audit and Ethics Committee any other matters related to fraud that are, in our professional judgment, relevant to their responsibilities. We will communicate to management any fraud perpetrated by lower-level employees of which we become aware that does not result in a material misstatement of the financial statements; however, we will not communicate such matters to the Audit and Ethics Committee, unless otherwise directed by the Audit and Ethics Committee.

We will also communicate to the Audit and Ethics Committee matters involving the Company's noncompliance with laws and regulations that have come to our attention during the course of our audit, other than when such matters are clearly inconsequential.

We will also communicate in writing to management and the Audit and Ethics Committee any significant deficiencies or material weaknesses in internal control (as defined in generally accepted auditing standards) that we have identified during the audit, including those that were remediated during the audit.

Generally accepted auditing standards do not require us to design procedures for the purpose of identifying other matters to communicate with the Audit and Ethics Committee. However, we will communicate to the Audit and Ethics Committee matters required by AICPA AU-C 260, *The Auditor's Communication with Those Charged with Governance.*

Texas State Auditor's Office

D&T agrees that the Texas State Auditor's Office or any authorized regulatory representative of the State shall at any time have access to and the rights to examine and audit any pertinent books, documents, working papers, and records of D&T relating to this agreement, and to excerpt and transcribe any pertinent books, documents, working papers, and records of D&T. If photocopies of pertinent books, documents, working papers, and records of D&T are requested, D&T will send a letter to the Texas State Auditor's Office or regulatory representative of the state similar (but not identical) in form to that in the American Institute Of Certified Public Accountants auditing section 9339, and such letter will be acknowledged by The Texas State Auditor's office or regulatory representative of the state prior to the provision of any photocopies by D&T. Any photocopies of pertinent books, documents, working papers, and records of D&T will be identified as "confidential treatment requested by Deloitte & Touche LLP."

D&T understands that the State Auditor's Office may opt to rely on the work of D&T to support the State Auditor's Office's opinion on the Comprehensive Annual Financial Report for the State of Texas, and

D&T agrees to cooperate with the State Auditor's Office in a joint effort to comply with American Institute of Certified Public Accountants standard AU-C 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*. D&T agrees that the State Auditor's Office is serving in the capacity of the group engagement auditor. As a component auditor, information D&T agrees to provide to the State Auditor's Office includes information necessary to facilitate determinations regarding D&T's understanding and compliance with ethical requirements and professional competence.

APPENDIX D

GENERAL BUSINESS TERMS

This Appendix D is part of the engagement letter to which these terms are attached (the engagement letter, including its appendices, the “engagement letter”) dated June XX 2013, between Deloitte & Touche LLP and The University of Texas Investment Management Company and approved by the Audit and Ethics Committee of the UTIMCO Board of Directors and the management of UTIMCO.

1. **Independent Contractor.** D&T is an independent contractor and D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Company or the Audit and Ethics Committee.

2. **Survival.** The agreements and undertakings of the Company and the Audit and Ethics Committee contained in the engagement letter will survive the completion or termination of this engagement.

3. **Assignment and Subcontracting.** Except as provided below, no party may assign any of its rights or obligations hereunder (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other parties. The Company and the Audit and Ethics Committee hereby consent to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T’s affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be invoiced as expenses, unless otherwise agreed.

4. **Severability.** If any term of the engagement letter is unenforceable, such term shall not affect the other terms, but such unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.

5. **Force Majeure.** No party shall be deemed to be in breach of the engagement letter as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic, or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

6. **Dispute Resolution.** Any controversy or claim between the parties arising out of or relating to the engagement letter or this engagement (a “Dispute”) shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix E and made a part hereof.

7. **Governing Law.** This engagement letter, together with the appendices, and all of the rights and obligations of the parties hereto and all of the terms and conditions hereof shall be construed, interpreted and applied in accordance with and governed by and enforced under the laws of the State of Texas.

APPENDIX E

DISPUTE RESOLUTION PROVISION

This Appendix E is part of the engagement letter dated June XX, 2013, between Deloitte & Touche LLP and The University of Texas Investment Management Company and approved by the Audit and Ethics Committee of the UTIMCO Board of Directors and the management of UTIMCO.

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

Mediation: All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

Arbitration Procedures: If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in Austin, Texas. The arbitration shall be solely between the parties and shall be conducted in accordance with the CPR Rules for Non-Administered Arbitration that are in effect at the time of the commencement of the arbitration, except to the extent modified by this Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators. The Company and Deloitte & Touche LLP shall each designate one arbitrator in accordance with the "screened" appointment procedure provided in the Rules and the two party-designated arbitrators shall jointly select the third in accordance with the Rules. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of this Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of Texas (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators shall have no power to award punitive, exemplary or other damages not based on a party's actual damages (and the parties expressly waive their right to receive such damages). The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

All aspects of the arbitration shall be treated as confidential, as provided in the Rules. Before making any disclosure permitted by the Rules, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

Costs: Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators equally.

ANDREWS KURTH LLP
ATTORNEYS
STRAIGHT TALK IS GOOD BUSINESS.®

Employees Personal Trading Update

July 9, 2013

In April 2009, the State Auditor's Office issued an Audit Report on

Ethics Policies for Trustees Investing Practices at the Employers Retirement System, the Teacher Retirement System, and The University of Texas Investment Management Company

The 2009 SAO Report found that

ERS, TRS, and UTIMCO Should Strengthen Processes for Monitoring Employees' Personal Securities Trades and Safeguarding Confidential Investment Information

Following Board discussion of an upcoming follow-up audit to determine the implementation status of the 2009 SAO Report recommendations, UTIMCO conducted a “best practices” review that included:

- Meetings among UTIMCO’s CEO, President, CCO and outside counsel;
- General discussions with UTIMCO employees;
- Review of information collected from TRS and ERS;
- Review of information collected from 10 Peer Institutions;
- Consultation with Service Provider recommended by a Peer Institution; and
- Review of history of employee trades and violations.

Information collected from TRS and ERS:

- Both have policies on employee trading;
- Both prohibit use of material non-public information and front-running;
- Both have pre-clearance and disclosure procedures; and
- Both have policies applicable to investment staff, including spouses, minor children, and dependents, and to retirement or self-directed accounts (e.g., IRAs).

Information collected from Peer Institutions:

- Majority had policies relating to employee trading;
- Most expressly prohibited trading on material non-public information and front-running;
- Most also required pre-approvals for trades;
- Most maintained a list of restricted securities:
- None restricted trading to certain pre-approved brokers;
- Half required employees to report all trading activity;
- Most required employee trading activity to be reviewed by compliance officer or general counsel; and
- Most provide training to employees on trading policies, but do not have specific fines or penalties for violations of trading policies.

Consultation with Service Provider:

- Service Provider offers the following services:
  - obtain and review duplicate brokerage statements and trade confirmations from employees;
  - coordinate dissemination, execution, and retrieval of all quarterly, annual and initial Code of Ethics reports from employees; and
  - compare employee trading information against UTIMCO policy and report violations.
- UTIMCO concluded that having employee brokerage statements sent directly to Service Provider (or to CCO for forwarding to Service Provider) would not satisfy requirement of Code of Ethics that each employee must provide a trade disclosure by completing trade disclosure form and filing it with CCO within 10 calendar days of trade date.

History of UTIMCO employee trades and violations:

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Totals
All Trades	228	178	267	267	87	1,027
Not Cleared	2	2	1	2	-	7
Improper Preclearance	-	-	-	-	-	-
Late TDF (Trading Disclosure Form)	27	6	9	16	-	58
% Not Cleared	0.88%	1.12%	0.37%	0.75%	0.00%	0.68%
% Improper Preclear	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% Late	11.84%	3.37%	3.37%	5.99%	0.00%	5.65%

New Employee Securities Transaction Violations Procedures – Effective April 2013:

- UTIMCO's "best practices" review resulted in the adoption of guidelines for the consistent enforcement of penalties for violations of personal trading policies and tracking of verbal warnings and penalties given to employees for trading violations (see attachment)
- These new Procedures were furnished to the SAO on March 27, 2013; however, SAO's Follow-up Audit was concluded on March 26, 2013.

Current UTIMCO procedures, as defined by the UTIMCO Code of Ethics, are as follows:

- An Employee may not use advance knowledge of a UTIMCO decision to buy or sell a security for his/her personal financial gain
- Employee may not engage in a personal securities transaction for a security of “an issuer” that is on the Pre-clearance Security List (maintained on the UTIMCO intranet under the “Employee Information” tab) without obtaining preclearance
- Employees use the GRP-Pre-tradeClearance@utimco.org to send an email to request pre-clearance
- Preclearance to trade is effective only for the day granted
- Preclearance is not required if the employee is trading in a company that is not on the Pre-clearance Security List
- A Trading Disclosure Form (TDF) must be completed and submitted within 10 calendar days of each trade for every trade (trades for which preclearance is required and trades for which preclearance is not required)
- Procedures apply to Employee’s spouse, minor child, and dependent relative, including IRA transactions
- Failure to comply with these procedures may result in disciplinary action (see attachment for new Employees Securities Transaction Violations Procedure)

In April 2013, the SAO issued a Follow-up Audit Report on the Status of UTIMCO's implementation of 13 specific recommendations in the 2009 SAO Report, including the following 2 recommendations relating to employee trading together with the SAO's determination of the status of implementation:

9. UTIMCO should consider requiring an annual statement from employees, as part of its ethics compliance statement, stating that employees do not have any undisclosed brokerage accounts and that they have not conducted any undisclosed personal securities trades. The ethics policies should clearly state the penalties for conducting personal securities trades without prior disclosure.
    - Status: Considered and Substantially Implemented.
10. UTIMCO should consistently enforce penalties for violations of personal trading policies and track verbal warnings given to employees regarding their personal trades.
    - Status: Not Implemented

The 2013 SAO Follow-up Report contained the following recommendation:

> UTIMCO should consistently enforce penalties for violations of personal trading policies and track verbal warnings given to employees regarding the personal trades, or document its decision not to implement this recommendation.

UTIMCO believes that its new Employee Securities Transaction Violations Procedures (see attachment) adequately satisfies this recommendation.

The University of Texas Investment Management Company
Employee Securities Transaction Violations Procedure

Effective Date of Procedure: April 1, 2013

The University of Texas Investment Management Company's (UTIMCO's) Code of Ethics (Code) holds all employees to high standards of conduct consistent with their special relationship of trust, confidence, and responsibility to UTIMCO. The Code anticipates that many UTIMCO employees will be active investors, either individually or on behalf of others, in the same asset categories as the funds managed by UTIMCO and only prohibits such investments to the extent necessary or appropriate to avoid conflicts of interest or otherwise conform to applicable law.

Purpose: The purpose of this Procedure is to formulate guidelines for consistent enforcement of penalties for violations of personal trading policies and track verbal warnings and penalties given to employees regarding their personal trades.

Reporting: On a quarterly basis, the Chief Compliance Officer or her designee (CCO) will accumulate and report to the CEO and Chief Investment Officer all violations of the Code with respect to preclearance of securities transactions.

Guidelines: The following table sets forth the warnings and penalties that UTIMCO will normally apply to the violations of the preclearance of securities transactions procedures described in the Code. The CEO and Chief Investment Officer (or CCO, when applicable) may decline to impose a warning or penalty or impose a lesser penalty. The CCO will document all warnings and penalties issued.

Description	Warning or Penalty
1. Isolated, inadvertent failure to comply with the preclearance of securities transactions procedures	CCO may issue verbal warning
2. Repeated, inadvertent failure to comply with the preclearance of securities transactions procedures	CCO will issue verbal warning; CEO and Chief Investment Officer may issue warning
3. Repeated failure to comply with the preclearance of securities transactions procedures	CCO will issue verbal warning; CEO and Chief Investment Officer will issue warning
4. Intentional violations of preclearance of securities transactions procedures; front running; and/or insider trading.	CEO and Chief Investment Officer will issue written warning; CEO may terminate employee; CEO will notify Board Chair and Audit and Ethics Committee Chair

Notwithstanding the warnings and penalties set forth above, any employee who violates the Code may be subject to the full range of disciplinary options under UTIMCO personnel policies and practices, including termination.

Compliance: Compliance with this Procedure will be monitored by UTIMCO's Chief Compliance Officer.

The University of Texas Investment Management Company
Institutional Compliance Program Annual Report
for the Quarter Ended May 31, 2013

Section I – Organizational Matters

- Three meetings of the Ethics and Compliance Committee have been held during this fiscal year: September 13, 2012, December 18, 2012, and March 18, 2013.

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, Natural Resources Investments, and 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 88 meetings/calls with potential managers. No serious due diligence was initiated this quarter. No managers were hired. Ongoing review of active external managers included 59 meetings/calls. Additional efforts included monthly performance tracking, reviews and analyses by the team and participation in three annual meetings.

Marketable Alternative Investments: The Marketable Alternative Investments group participated in 51 meetings/calls with potential managers. Serious due diligence was initiated on four managers during the quarter. No managers were hired. Ongoing review of external managers was conducted in the form of 75 meetings/calls/site visits. Additional efforts during the quarter included participation in two annual meetings/functions with active managers.

Private Markets: The Private Markets group initiated serious due diligence on two potential managers during the quarter. No commitments were made. The Private Markets group also participated in 104 meetings with active external managers and 71 meetings with potential managers, including site visits, conference calls, and Advisory Board and Annual meetings. The team also participated in 11 ILPA meetings and one semi-annual portfolio review meeting.

Natural Resources: The Natural Resources group participated in 44 meetings/calls with potential managers. Serious due diligence was initiated on one manager. Two managers were hired during the quarter. Ongoing review of active external managers included 88 meetings/calls. Additional efforts during the quarter included participation in four annual meetings with active managers and one semi-annual portfolio review meeting.

Real Estate: The Real Estate group participated in 41 meetings/calls with potential managers. Serious due diligence was not initiated on any managers during the quarter. One manager was hired. Ongoing review of active external managers included 64 meetings/calls. Additional efforts during the quarter included participation in six annual meetings and one semi-annual portfolio review meeting.

Specialized Training: Staff attended 15 industry-related conferences/forums 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:

- 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' portfolio-level risk and performance.
- Risk Team continued to work with Albourne and IFS on improving proxies for LCC and Private Investments. Risk Team met with investment teams to discuss methodology and to elicit feedback for further refinement.
- Risk Team continued to engage in discussions with Regulatory Entities, current counterparties and other Risk Management teams regarding the near-term compliance requirements for the Business Conduct Rules of Dodd Frank. Risk Team continued to monitor UTIMCO Counterparties for any negative news and/or potential downgrades and to support investment staff in understanding the risks inherent in managers operating under agency agreements.
- Risk Team developed a framework to better understand Illiquidity Risk and the returns required to compensate for this risk. Risk Team is leading a UTIMCO-wide effort to develop tools and processes to better monitor and manage illiquidity exposure, and mitigate negative effects such an exposure could have.
- Risk Team continued to monitor the current macro environment. This process involves continuing education by participating in conferences, and sharing thoughts with other risk teams.
- All internal derivatives were reviewed and analyzed in detail prior to initiation. 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.
- Risk Team participated in the due diligence of two new LCC managers. Risk team continues to work with the investment teams to create a format and approach that adds the most value. Risk Team prepared projections on portfolio risk, country exposure, liquidity, and asset allocations; updated projections on a weekly basis.
- Risk Team led a Natural Resources reporting initiative with the managers by creating a standardized template.
- Risk Team conducted an analysis of the commodity allocation of the Natural Resources MCC portfolio. The team presented at the semi-annual NR portfolio review.
- Risk Team worked with UT System to create potential pools of daily liquidity to meet the stricter classifications and requirements of the Ratings Agencies.
- Risk Team coordinated and facilitated its semi-annual Risk Management working group call.

Specialized Training: Participated in one conference during the quarter.

High-Risk Area #3: Information Technology & Security
Responsible Party: Chief Technology Officer
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:

- Annual risk assessments completed.
- Annual and New employee security training sessions were completed for all new employees and interns.
- Full disk encryption moved to maintenance mode. All laptops and desktops are encrypted; new machines will be encrypted during installation and configuration.
- Desktop encryption plan submitted to UT System as required. UTIMCO has already completed desktop encryption. Based on risk profile, UTIMCO's CISO is exempting the Bloomberg terminals from the encryption requirement.
- Several alerts to staff about information security issues, including Windows Updates for mobile, personal device security and phishing attacks.
- 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 CISO 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 limit access to source code.
- Random checks for software compliance were completed.
- Disaster Recovery site MOU and SLA signed, some equipment delivered to site, some circuits delivered, some circuits and equipment yet to be delivered. Planning of build out is underway.
- Classic VPN continues to be phased out and replaced with Citrix and Remote Desktop.
- Exchange upgraded to 2013, not without issues. Most issues have been resolved. Outlook Web Access (OWA) is currently available. Will re-evaluate the security posture of OWA and public access. OWA still available from inside UTIMCO and via Citrix.
- Lastpass moved to maintenance mode. Most users are installed and using the tool. Some one-on-one training continues. Transition of all credentials off the intranet to Lastpass will be continued for the next few months.
- Continuing to monitor and address policy violations for unauthorized software, sharing of credentials, and use of network resources.
- UT System is replacing ISAAC with RSA Archer for risk assessments for all institutions, UTIMCO is included. UTIMCO staff will need to get up to speed on RSA Archer once it has been rolled out.
- A few minor malware infections over the quarter, IT staff is currently looking for a better desktop AV/AM tool.

Specialized Training: CISO attended meetings of the Chief Information Security Officers Council and the UT System Information Security Conference. Also attended training on SharePoint, Citrix, Juniper, PaloAlto.

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:

- A revised restricted stock list was sent to the appropriate managers due to the removal of one security from the list (it has been more than one year since a director's term expired so stocks were no longer required to be on list).
- Verified that investments are in compliance with rules and guidelines in policies, rules and regulations utilizing custodian's software and in-house developed databases and reports.
- Work continues to verify that custodian software queries and database queries are working properly for manager compliance. Periodic visit made by Mellon to discuss changes/improvements that could be made to manager compliance.
- Review of monthly and quarterly investment compliance reports prepared by staff.
- 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.
- 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.

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 funded. 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 UTIMCO Code of Ethics and *Texas Education Code* Section 66.08. One security was removed from the restricted list during the quarter. An updated restricted list was sent to all managers requiring the list.
- On a daily basis, accounting staff reviewed security holdings of internal and external managers for compliance with the restricted list. No exceptions noted.
- Effective April 1, 2013, a new procedure regarding the periodic review of public resources for comparison with financial disclosure statement information provided by Directors and Key Employees was adopted, which requires review of these statements within 90 days after the deadline for filing the statements. The majority of these financial disclosure statements were due by April 30, 2013. As of May 31st, the review had not been completed by the CCO.

- Preclearance of securities transactions was required and appropriately requested and received for one trade. All transaction disclosures forms were turned in by the required ten days.
- Fifteen (15) trips/events containing vendor reimbursed/paid expenses, which required documentation and supervisor approval, had appropriate documentation and approval. One additional trip occurred that was not preapproved; the vendor paid the hotel costs but the traveler was not aware in advance of the trip that the vendor would pay hotel costs. Nine sponsored entertainment events that required CEO or CCO approval occurred, two of which were not preapproved.

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 reviewed results of quarterly due diligence monitoring plans for each Investment group. Ongoing due diligence efforts on multiple managers continue. The Senior Director, Risk Management and CCO participated in the bi-weekly Investment Committee meetings and semi-annual 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.
Significant Findings: None

High-Risk Area #3: Information Technology & Security
Assessment of Control Structure: *Well controlled*
Assurance Activities Conducted: CCO continues to meet with CISO regarding information technology and security practices.
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.
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. 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
One annual training and three make-up annual training sessions were held during the quarter. Four interns hired during May were trained on June 3, 2013.

Section V – Action Plan Activities
See updated Institutional Compliance Action Plan Fiscal Year 2013.

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	FYTD 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.

The University of Texas Investment Management Company
Institutional Compliance Action Plan
Fiscal Year 2013

#	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	08/31/13	*In process*
B. MONITORING ACTIVITIES / ASSURANCE			
2.	Continual enhancement of compliance monitoring and reporting	On-going	*On-going; Monitoring plans are being reviewed for needed updates due to changes in business processes*
3.	Periodic review of Responsible Party Monitoring Plan documentation for high risk areas A	On-going	*Third quarter FY 2013 reports have been reviewed*
C. COMPLIANCE TRAINING / AWARENESS			
4.	Provide Code of Ethics training and information to improve staff awareness of compliance program	04/30/13	*One annual training and three make-up annual trainings were held during the quarter; Four interns hired during May were trained on June 3, 2013*
5.	Identify and network with similarly situated compliance professionals	On-going	*Ongoing; connecting via Council of Pension Fund Compliance Officers teleconferences and hosting site and other compliance professionals*
D. REPORTING			
6.	Conduct quarterly meetings with the internal ethics and compliance committee	On-going	*Meetings for the first three quarters have been held*
7.	Provide quarterly/annual reports to the Audit and Ethics Committee and System-wide compliance office	On-going	*Reports for the first three quarters have been sent to UTS*
E. OTHER / GENERAL COMPLIANCE			
8.	Manage and transition compliance work from Back Office staff to Compliance Office after Legal and Compliance Specialist is hired	08/31/13	*Currently reviewing résumés*
9.	Update and report to UTIMCO Audit and	11/30/12	*Completed; Report was*

Updated 06/20/13

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
	Ethics Committee on enterprise risk management		*presented at the November 5, 2012, Audit & Ethics Committee meeting*
10.	ICAC activities: ICAC and Standing Committee participation	On-going	*No current activities*
11.	Manage implementation and assist with live testing of Business Continuity Plan; update as business processes change	04/30/13	*Awaiting confirmation of available space from UT Austin*
12.	Manage implementation of Records Retention Procedures	08/31/13	*Changes submitted by staff will be reviewed and/or incorporated into final draft. Should be completed by June 30, 2013*
13.	Hotline reporting	On-going	*Reporting included in quarterly Institutional Compliance Program reports*

Updated 06/20/13

Funds Update

Returns

UTIMCO Performance Summary

	Net Asset Value 5/31/2013 (in Millions)	Periods Ending May 31, 2013						
		Current Quarter	Year to Date		Historic Returns			
ENDOWMENT FUNDS			Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
Permanent University Fund	$14,631	2.44%	8.88%	4.96%	12.92%	9.69%	3.20%	8.48%
Permanent Health Fund	1,027							
Long Term Fund	6,562							
General Endowment Fund	7,589	2.45	9.04	5.03	13.15	9.80	3.20	8.56
Separately Invested Funds	146							
Total Endowment Funds	22,366							
OPERATING FUNDS								
Intermediate Term Fund	5,414	1.41	6.05	2.95	10.64	8.04	3.23	N/A
Short Term and Debt Proceeds Funds	1,978	0.03	0.09	0.04	0.14	0.18	0.51	1.95
Total Operating Funds	7,392							
Total Investments	$29,758							
VALUE ADDED - Percent (1)								
Permanent University Fund		0.79%	1.34%	1.08%	0.01%	1.20%	2.21%	2.13%
General Endowment Fund		0.80	1.50	1.15	0.24	1.31	2.21	2.21
Intermediate Term Fund		1.19	2.03	1.71	2.48	2.26	2.32	N/A
VALUE ADDED - $ in Millions (1)								
Permanent University Fund		$112	$180	$150	$2	$472	$1,454	$2,614
General Endowment Fund		60	106	84	15	280	812	1478
Intermediate Term Fund		64	103	89	120	322	552	N/A
Total Value Added		$ 236	$ 389	$ 323	$ 137	$ 1,074	$ 2,818	$ 4,092

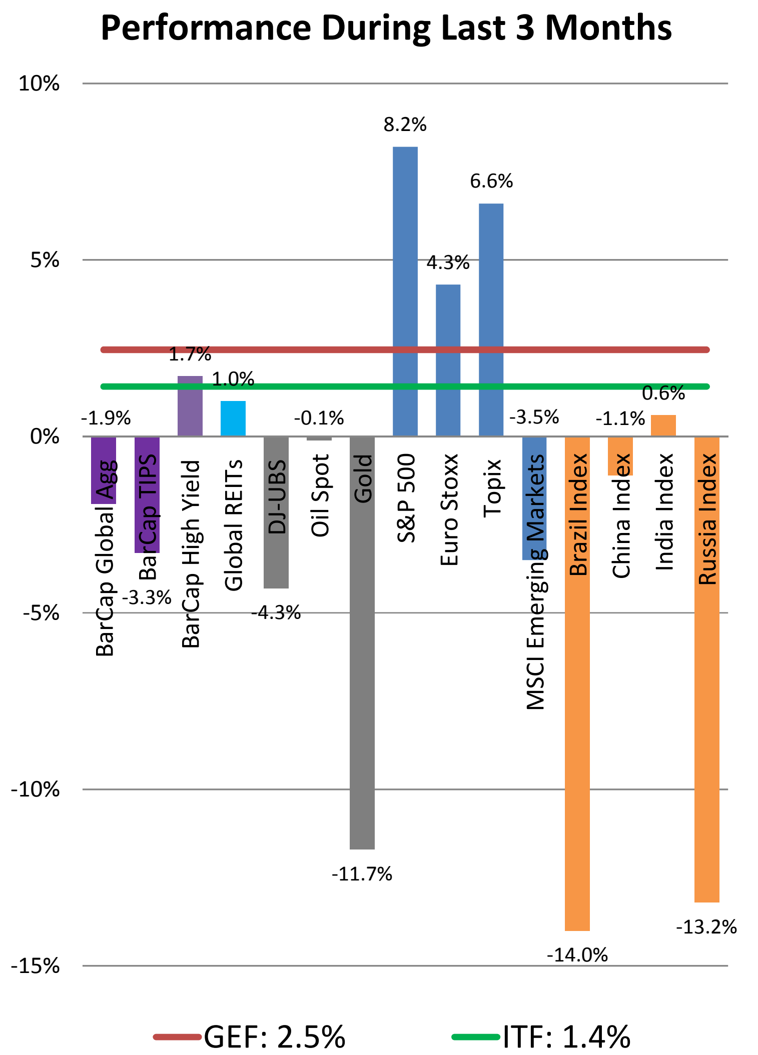
(1) - Value added is a measure of the difference between actual returns and benchmark or policy portfolio returns for each period shown. Value added is a result of the active management decisions made by UTIMCO staff and external managers.

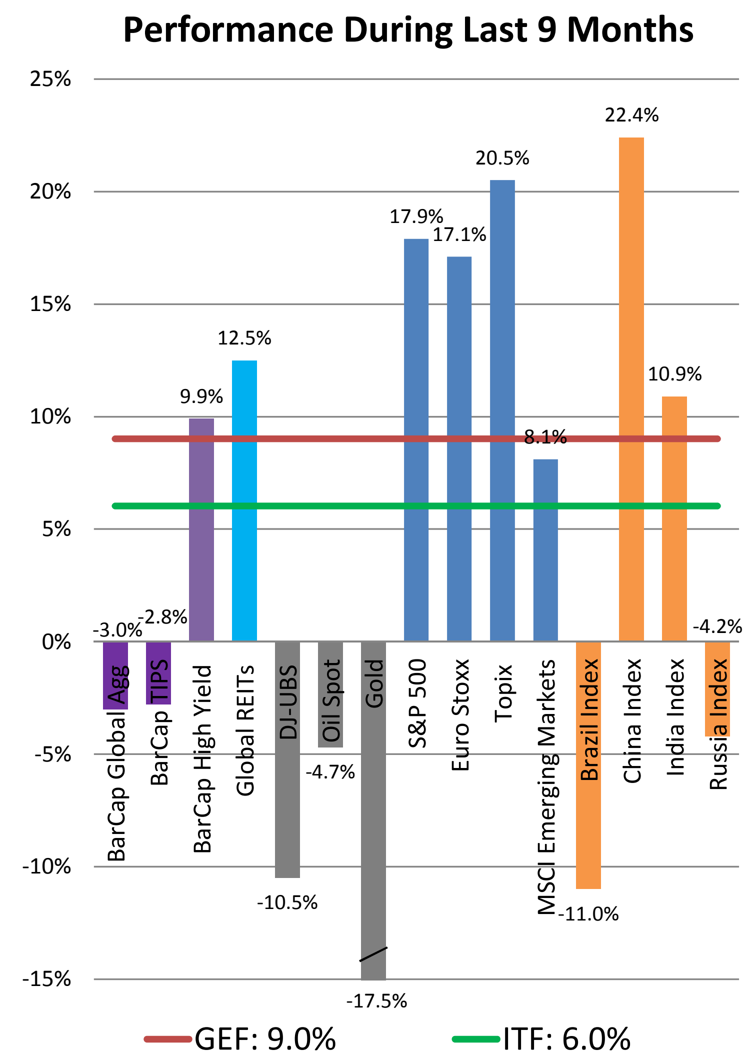
June Preliminary UTIMCO Performance Summary

ENDOWMENT FUNDS	Net Asset Value 6/30/2013 (in Millions)	Current Quarter	Year to Date: Fiscal	Year to Date: Calendar	Historic Returns: 1 Yr	Historic Returns: 3 Yrs	Historic Returns: 5 Yrs	Historic Returns: 10 Yrs
			Periods ending June 30, 2013					
Permanent University Fund	$14,408	(0.64%)	6.73%	2.88%	9.30%	9.16%	3.37%	8.12%
Permanent Health Fund	1,003							
Long Term Fund	6,444							
General Endowment Fund	7,447	(0.68)	6.85	2.92	9.46	9.24	3.36	8.19
Separately Invested Funds	93							
Total Endowment Funds	21,948							
OPERATING FUNDS								
Intermediate Term Fund	5,357	(1.84)	3.70	0.67	6.66	7.29	3.35	N/A
Short Term and Debt Proceeds Funds	1,896	0.02	0.10	0.05	0.13	0.17	0.47	1.94
Total Operating Funds	7,253							
Total Investments	$29,201							
VALUE ADDED - Percent (1)								
Permanent University Fund		0.23%	1.08%	0.83%	0.75%	1.04%	2.00%	2.04%
General Endowment Fund		0.19	1.20	0.87	0.91	1.12	1.99	2.11
Intermediate Term Fund		0.48	1.89	1.59	2.40	2.10	2.25	N/A
VALUE ADDED - $ in Millions (1)								
Permanent University Fund		$33	$145	$116	$98	$403	$1,291	$2,479
General Endowment Fund		15	86	64	63	238	720	1397
Intermediate Term Fund		26	96	83	117	296	522	N/A
Total Value Added		$ 74	$ 327	$ 263	$ 278	$ 937	$ 2,533	$ 3,876

(1) - Value added is a measure of the difference between actual returns and benchmark or policy portfolio returns for each period shown. Value added is a result of the active management decisions made by UTIMCO staff and external managers.

Performance During Last 3 and 9 Months





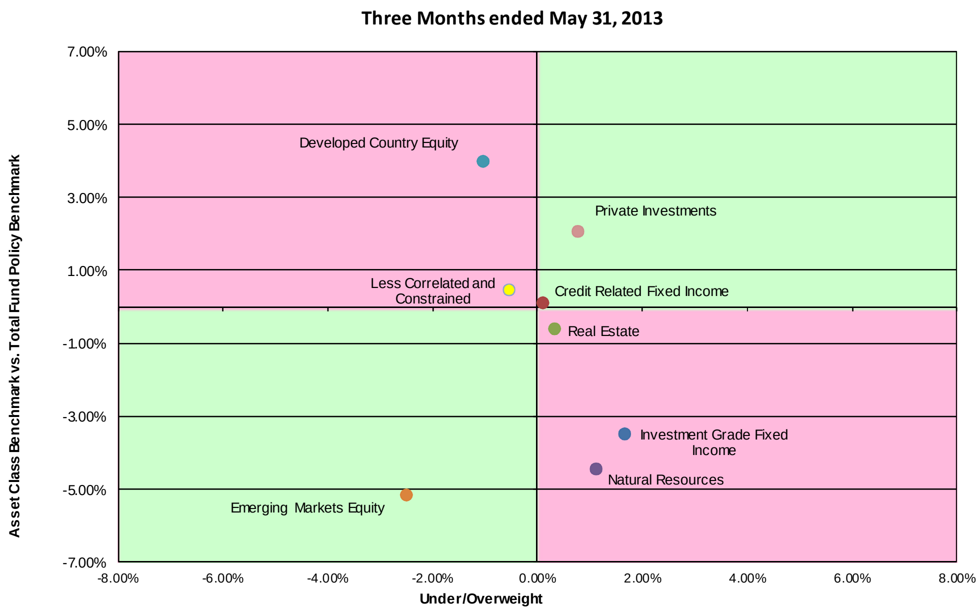
Total Fund Attribution Breakdown (GEF)
Three and Nine Months Ended May 31, 2013

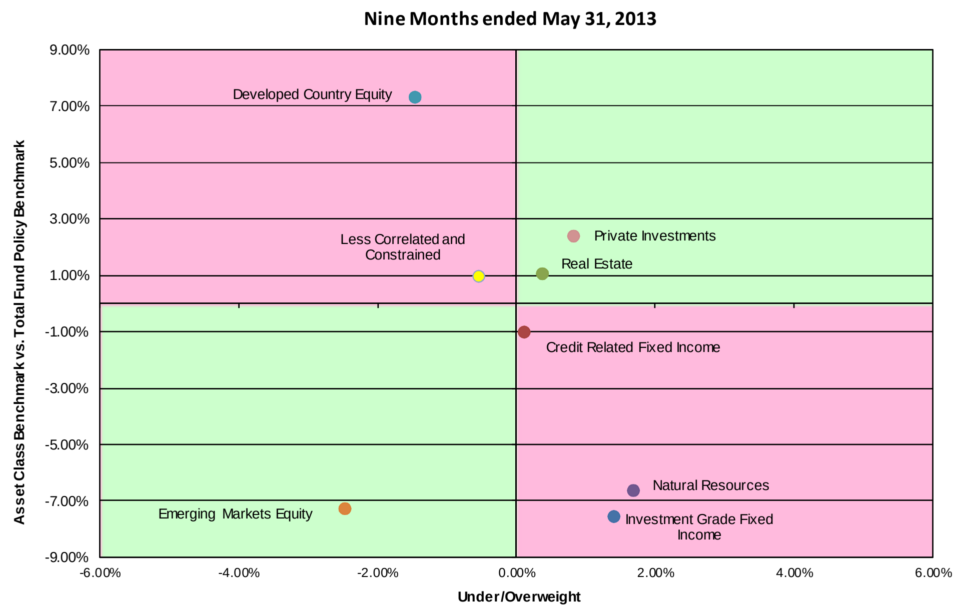
	Three Months	Nine Months
Tactical Allocation		
Asset Based	1	(79)
Derivative Based Tactical Allocation [1]	(26)	(59)
Total Tactical	(25)	(138)
Active Management (External Managers vs. Benchmarks)	72	199
Insurance Hedges	11	11
Interactive Effect	22	79
Total	80	151

[1] MSCI Japan Short Swaps, MSCI Europe Short Swaps, S&P 500 Short Swaps, S&P 400 Short Swaps, IYR Written Puts, XME Written Puts, Emerging Markets Written Puts, Levered Gold Futures, Levered EM Futures

Tactical Value Add

Three and Nine Months Ended May 31, 2013





	Weight		Over / (Under) Weight	Benchmark Returns	+ / -
	Actual	Policy			
Investment Grade Fixed Income	9.18%	7.50%	1.68%	-1.87%	-0.06%
Credit Related Fixed Income	0.12%	0.00%	0.12%	1.75%	0.00%
Real Estate	2.84%	2.50%	0.34%	1.04%	0.01%
Natural Resources	8.62%	7.50%	1.12%	-2.81%	-0.05%
Developed Country Equity	13.98%	15.00%	-1.02%	5.61%	-0.04%
Emerging Markets Equity	9.52%	12.00%	-2.48%	-3.52%	0.13%
Total More Correlated and Constrained	44.26%	44.50%	-0.24%		-0.01%
Less Correlated and Constrained	29.46%	30.00%	-0.54%	2.08%	0.00%
Total Fund excluding Private Investments	73.72%	74.50%	-0.78%		-0.01%
Private Investments	26.28%	25.50%	0.78%	3.69%	0.02%
Total Fund: Active Managers	**100.00%**	**100.00%**	**0.00%**	**1.65%**	**0.01%**

	Weight		Over / (Under) Weight	Benchmark Returns	+ / -
	Actual	Policy			
Investment Grade Fixed Income	9.26%	7.50%	1.76%	-2.98%	-0.17%
Credit Related Fixed Income	0.12%	0.00%	0.12%	9.91%	0.00%
Real Estate	2.83%	2.50%	0.33%	12.51%	0.02%
Natural Resources	10.00%	7.50%	2.50%	-3.79%	-0.25%
Developed Country Equity	12.67%	15.00%	-2.33%	17.06%	-0.19%
Emerging Markets Equity	8.94%	12.00%	-3.06%	8.12%	-0.14%
Total More Correlated and Constrained	43.82%	44.50%	-0.68%		-0.73%
Less Correlated and Constrained	29.60%	30.00%	-0.40%	7.24%	-0.01%
Total Fund excluding Private Investments	73.42%	74.50%	-1.08%		-0.74%
Private Investments	26.58%	25.50%	1.08%	8.21%	-0.05%
Total Fund: Active Managers	**100.00%**	**100.00%**	**0.00%**	**7.54%**	**-0.79%**

Active Management Value Add
Three and Nine Months Ended May 31, 2013

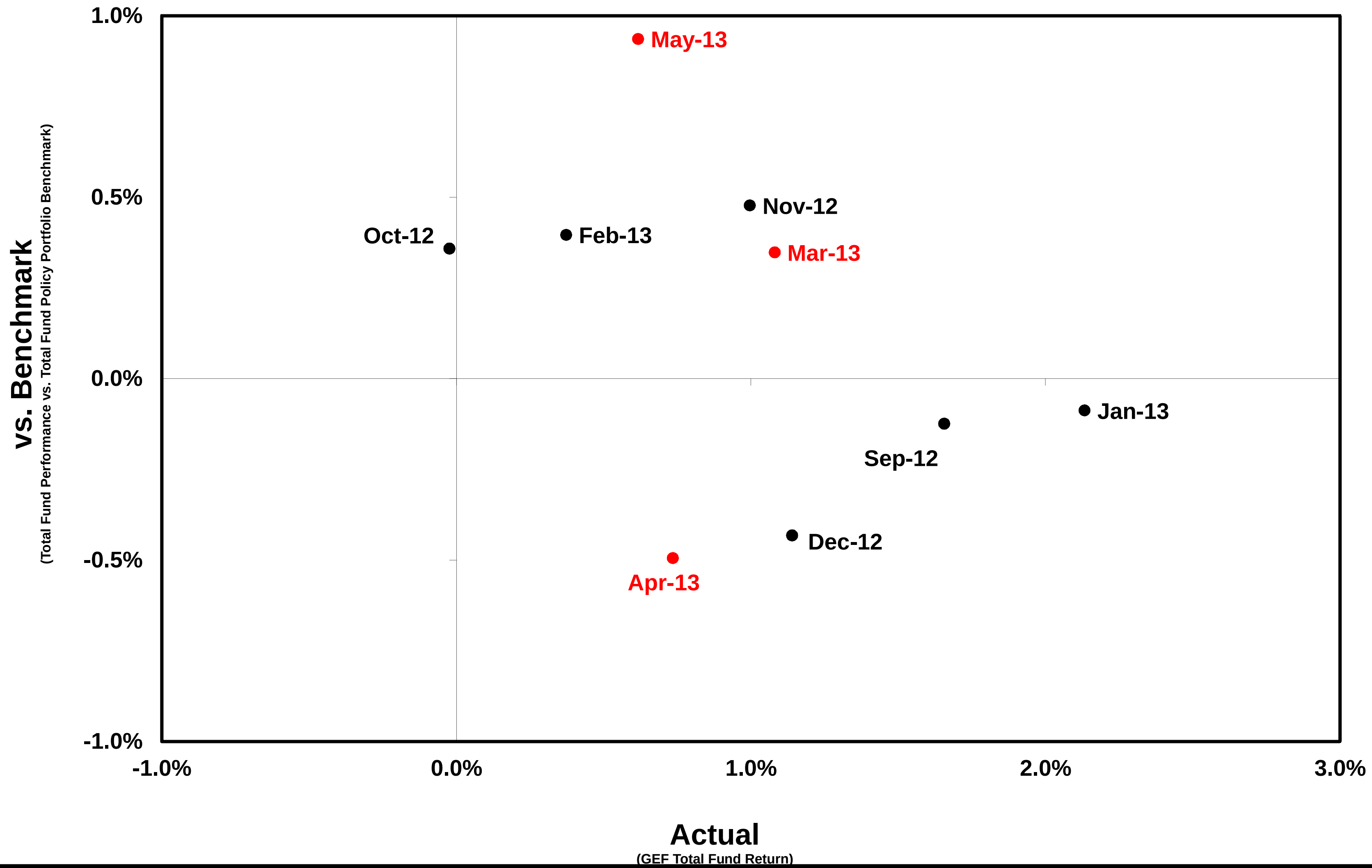
	3 Months (bps)	
Less Correlated	59	Perry (9.62), Owl Creek (18.69), Blue Ridge (6.20)
Developed Country Equity	39	Indus Japan (1.49), Stelliam (0.62), Value Act (0.37)
Emerging Markets Equity	21	Blakeney (0.86), Hillhouse QII (0.49), New Silk (0.40)
Investment Grade Fixed Income	6	Brandywine (0.38), Internal Fixed Income (0.26)
Credit Related Fixed Income	-	
Real Estate	-	
Subtotal	125	
Natural Resources	(21)	Gold (3.16), Blackrock Global Mining (0.78), Schroder (0.34)
Subtotal	(21)	
Total Fund excluding Private Investments	104	
Private Investments	(32)	
Total Active Managers	72	

	9 Months (bps)	Manager (Alpha)
Developed Country Equity	102	Indus Japan (2.54), Value Act (2.26), Stelliam (1.33)
Less Correlated and Constrained	59	Perry (22.16), Baupost (21.31), Owl Creek (36.90)
Emerging Markets Equity	35	Blakeney (1.14), New Silk Road (0.79), Lazard (0.53)
Investment Grade Fixed Income	24	Brandywine (1.49), Internal Fixed Income (0.56), Credit Suisse HE (0.26)
Real Estate	3	European Investors (1.44), MS REITS (0.97), Cohen & Steers Global (0.14)
Credit Related Fixed Income	-	
Subtotal	223	
Natural Resources	(37)	Gold (5.33), Schroder (1.04), Gresham (0.88)
Subtotal	(37)	
Total Fund excluding Private Investments	186	
Private Investments	13	
Total Active Managers	199	

GEF Performance Breakdown
Nine Months Ended May 31, 2013

Asset Class		Allocation		Return		Attribution to Total Fund Relative Return
		GEF Average	Policy	GEF	Benchmark	
More Correlated and Constrained:						
Fixed Income	Investment Grade	9.4%	7.5%	2.05%	-2.98%	0.33%
	Credit-Related	0.1%	0.0%	8.06%	9.91%	0.00%
Real Assets	Real Estate	2.8%	2.5%	9.52%	12.51%	-0.10%
	Natural Resources	10.0%	7.5%	-11.23%	-3.79%	-1.02%
Equity	Developed Country	12.6%	15.0%	23.97%	17.06%	0.62%
	Emerging Markets	9.0%	12.0%	9.32%	8.12%	-0.01%
Total More Correlated and Constrained		**43.9%**	**44.5%**	**7.02%**	**7.32%**	**-0.18%**
Total Less Correlated and Constrained		**29.6%**	**30.0%**	**11.04%**	**7.24%**	**1.11%**
Private Real Estate Investments		2.7%	4.0%	2.49%	10.13%	-0.22%
Private Investments excluding Real Estate		23.8%	21.5%	11.12%	7.86%	0.80%
Total Private Investments		**26.5%**	**25.5%**	**10.27%**	**8.21%**	**0.58%**
Total GEF Portfolio		**100.0%**	**100.0%**	**9.04%**	**7.54%**	**1.51%**

Actual and "vs. Benchmark" Returns by Month
Nine Months Ended May 31, 2013
(GEF)



Value-Add Analysis

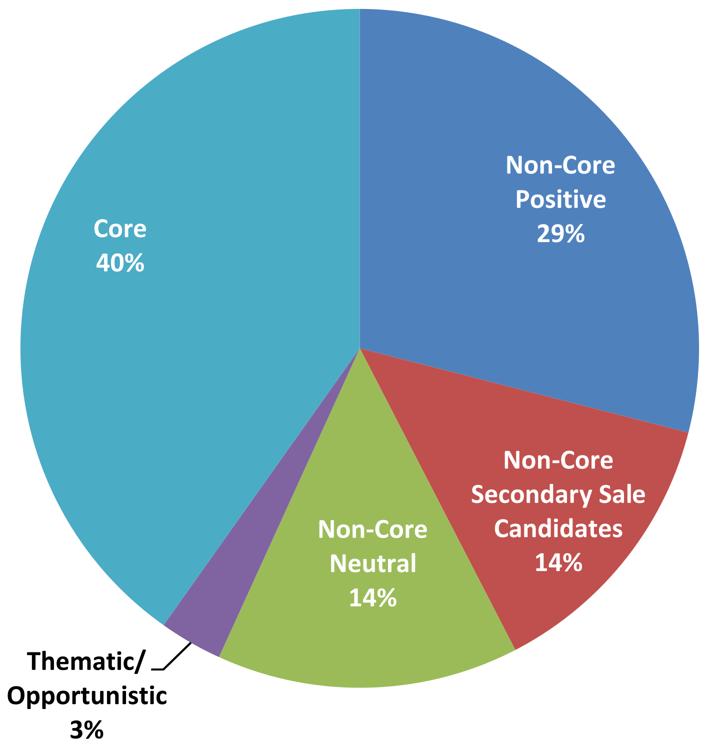
	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FYTD13
MCC									
Tactical	0.43%	-0.54%	0.14%	0.82%	0.29%	0.01%	0.05%	-1.09%	-0.84%
Active	0.42%	-0.81%	-0.74%	-0.19%	-1.75%	2.11%	0.67%	0.73%	1.16%
TOTAL	0.85%	-1.35%	-0.60%	0.63%	-1.46%	2.11%	0.72%	-0.36%	0.32%
LCC									
Tactical	-0.01%	0.07%	-0.02%	-0.09%	0.04%	0.21%	0.12%	0.18%	0.25%
Active	2.09%	0.86%	2.63%	2.02%	1.68%	2.61%	1.39%	2.01%	0.85%
TOTAL	2.08%	0.93%	2.61%	1.93%	1.71%	2.82%	1.50%	2.18%	1.10%
Private Investments									
Tactical	-0.68%	-0.42%	-0.69%	0.14%	0.35%	0.40%	-0.11%	-0.09%	0.20%
Active	1.51%	-0.57%	1.20%	-0.59%	1.54%	-0.98%	0.83%	-0.67%	0.38%
TOTAL	0.83%	-0.99%	0.51%	-0.45%	1.88%	-0.58%	0.72%	-0.76%	0.57%
Overall GEF									
Tactical	-0.26%	-0.89%	-0.57%	0.87%	0.67%	0.62%	0.06%	-1.00%	-0.40%
Active	4.02%	-0.52%	3.09%	1.24%	1.46%	3.74%	2.88%	2.06%	2.39%
Insurance Hedges					0.07%	-0.09%	-0.20%	-0.85%	0.11%
Derivative Based								-0.24%	-0.59%
TOTAL	3.76%	-1.41%	2.52%	2.11%	2.20%	4.26%	2.74%	-0.03%	1.51%

Private Investments Portfolio Rollforward
Nine Months Ended May 31, 2013

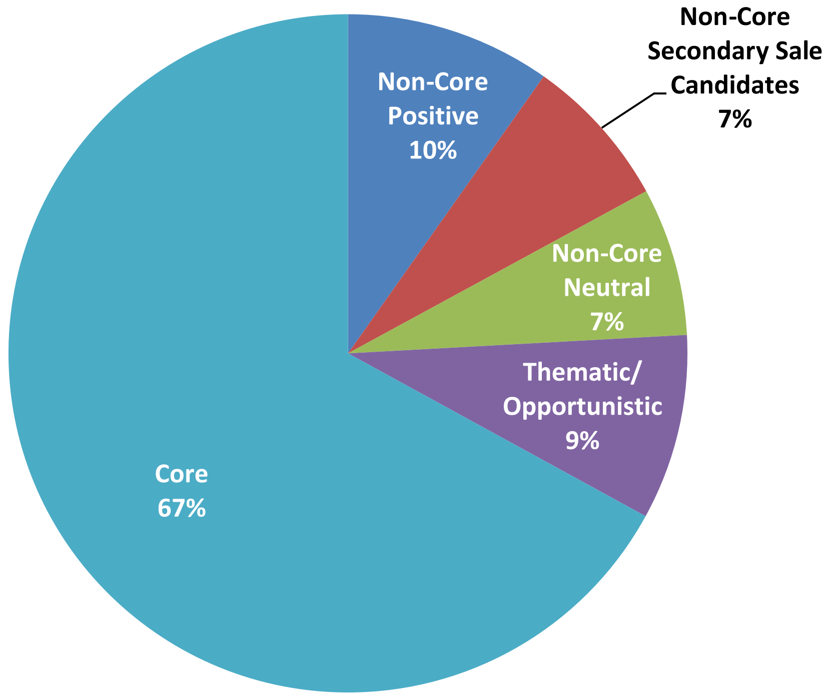
$ in millions	Beg FY 9/1/12 NAV	Beg FY 9/1/12 Unfunded	Beg FY 9/1/12 # Funds	Calls	Distributions	Change in Valuation	% Return	FY'13 New Commitments # Funds	FY'13 New Commitments $ Committed	End 5/31/13 NAV	End 5/31/13 Unfunded
Credit-Related Fixed Income	$1,314	$283	33	$112	$519	$195	17.4%	0	$0	$1,102	$249
Real Estate	485	748	25	209	61	17	2.5%	4	260	650	832
Natural Resources	651	1,030	33	374	115	80	9.4%	7	364	990	1,030
Venture	776	396	44	72	87	56		1	45	817	372
Other Developed Country Equity	1,720	672	82	144	376	191		3	135	1,679	629
Total Developed Country Equity	2,496	1,068	126	216	463	247	10.4%	4	180	2,496	1,001
Emerging Markets Equity	512	589	23	78	33	19	3.6%	1	39	576	555
TOTAL	**$5,458**	**$3,718**	**240**	**$989**	**$1,191**	**$558**	10.3%	**16**	**$843**	**$5,814**	**$3,667**
% of Endowment (PUF+ GEF)	***27%***	***18%***								***26%***	***17%***

Private Investments
Portfolio Analysis
As of May 31, 2013

NAV



Unfunded



Assets/Exposures

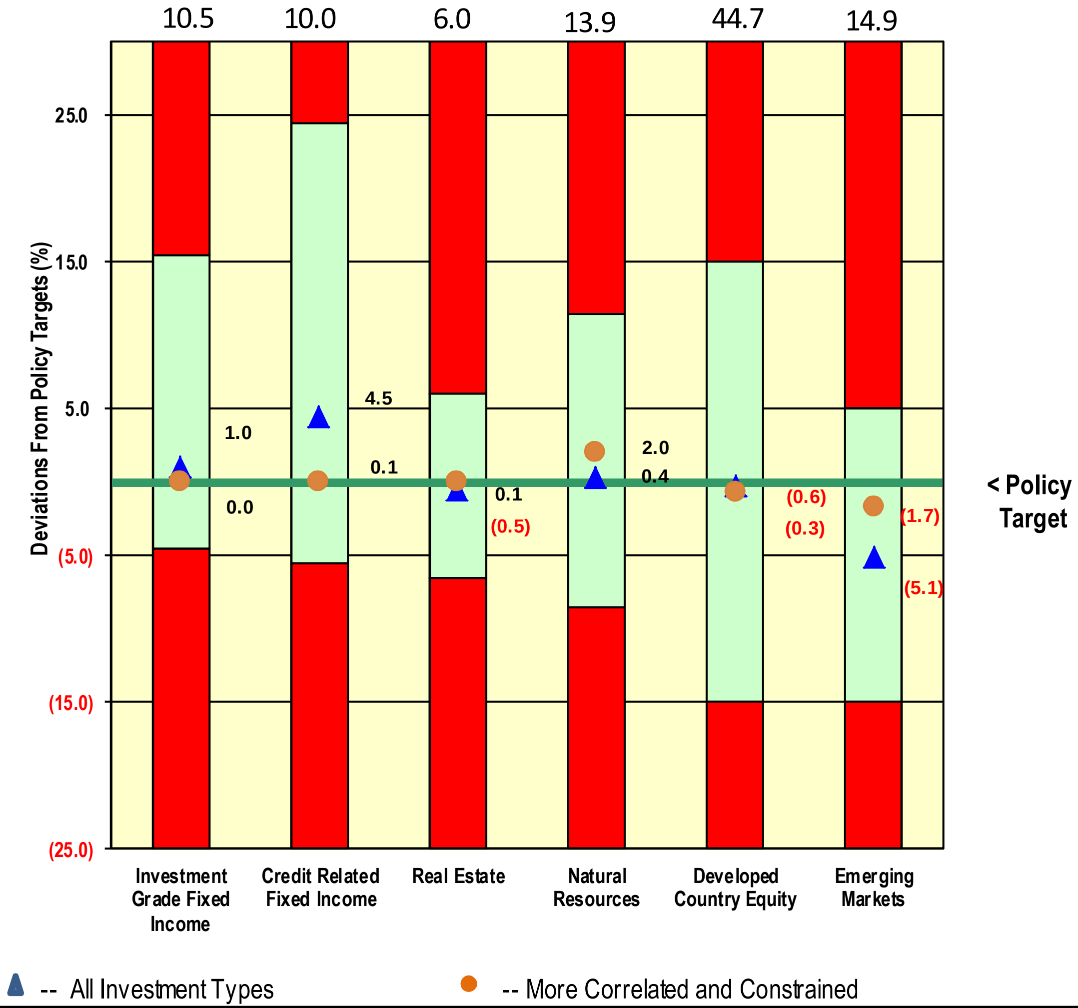
Combined PUF and GEF Exposure as of May 31, 2013
(in millions)

Asset Group	Asset Class	More Correlated and Constrained		Less Correlated and Constrained		Private Investments		Total	
Fixed Income	Investment Grade	$ 1,619	7.4%	$ 669	3.0%	$ -	0.0%	$ 2,288	**10.4%**
	Credit-Related	25	0.1%	1,115	5.1%	1,102	4.9%	2,242	**10.1%**
Fixed Income Total		**1,644**	**7.5%**	**1,784**	**8.1%**	**1,102**	**4.9%**	**4,530**	**20.5%**
Real Assets	Real Estate	$ 576	2.6%	$ 117	0.5%	$ 650	2.9%	1,343	**6.0%**
	Natural Resources	2,117	9.5%	6	0.0%	991	4.5%	3,114	**14.0%**
Real Assets Total		**2,693**	**12.1%**	**123**	**0.5%**	**1,641**	**7.4%**	**4,457**	**20.0%**
Equity	Developed Country	$ 3,201	14.4%	$ 4,271	19.2%	$ 2,498	11.3%	9,970	**44.9%**
	Emerging Markets	2,304	10.4%	449	2.0%	576	2.6%	3,329	**15.0%**
Equity Total		**5,505**	**24.8%**	**4,720**	**21.2%**	**3,074**	**13.9%**	**13,299**	**59.9%**
Total		**$ 9,842**	**44.4%**	**$ 6,627**	**29.8%**	**$ 5,817**	**26.2%**	**$ 22,286**	**100.4%**

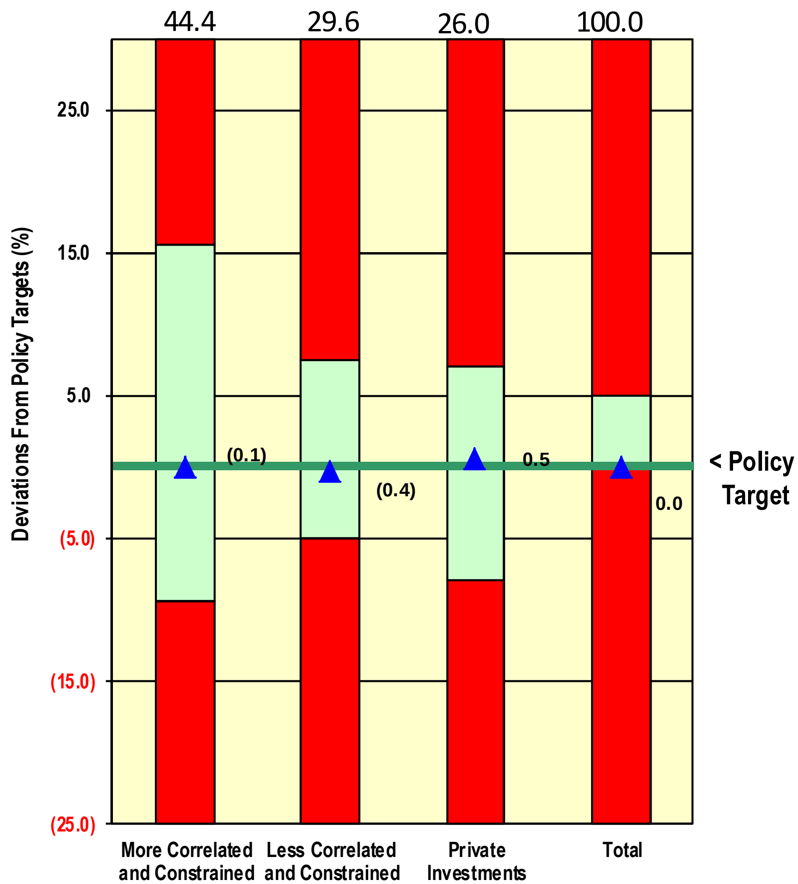
The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

PUF Asset Allocation as of May 31, 2013

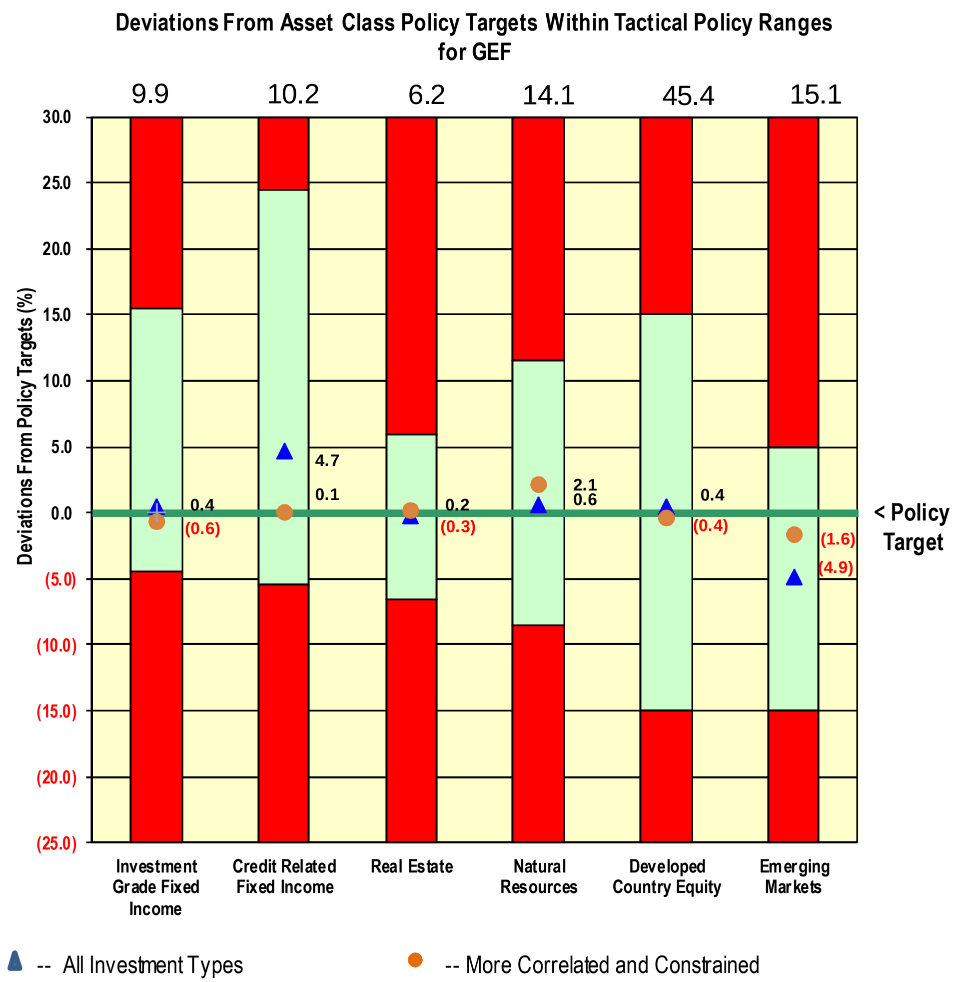
Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for PUF

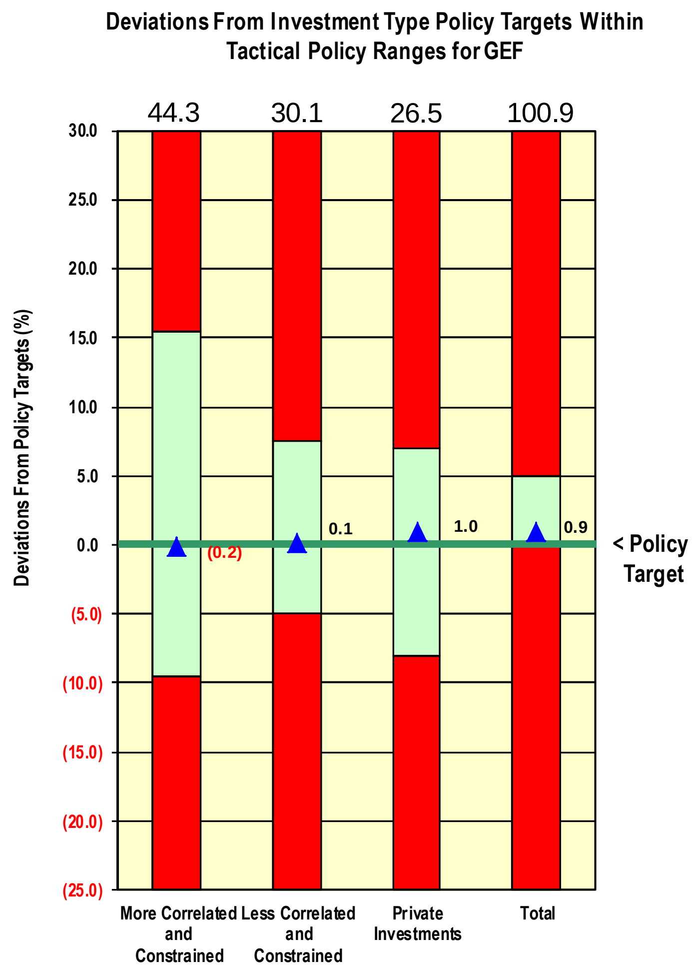


Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for PUF



GEF Asset Allocation
as of May 31, 2013





LCC Investment Policy Categorizations vs. "Look Thru" Exposures Estimated April 30, 2013

Exposure Methodology Comparison			
	Policy	Look-Through	Difference
Investment Grade Fixed Income	3.1%	2.4%	-0.7%
Credit-Related Fixed Income	5.2%	6.4%	1.1%
Real Estate	0.6%	0.5%	-0.1%
Natural Resources	0.0%	0.5%	0.5%
Developed Country Equity	19.9%	18.8%	-1.1%
Emerging Markets Equity	2.1%	2.3%	0.2%
Less Correlated & Constrained	**30.9%**	**30.9%**	**0.0%**

Derivatives

Endowment Insurance Hedges

		Exposures as of May 31, 2013					Changes since February 28, 2013			
Event	Hedge	Total Cost [1]	bps Cost/Year [2]	Notional ($ millions)	MTM ($ millions)	P/L	Cost	bps Cost/Year [2]	Notional ($ millions)	MTM ($ millions)
ACTIVE POSITIONS										
U.S. Inflation										
	CMS Options	$ (52)	5.7	$ 9,249	$ 11	$ (41)	$ -	-	$ -	$ 2
Emerging Markets Bubble										
	KOSPI Put Spread	$ (27)	7.4	$ 1,339	0	(27)	-	-	-	(1)
	Australian Put Spread	$ (12)	2.8	$ 349	0	(12)	-	-	-	(0)
	Total	(39)	10.2		0	(39)	-	-		(1)
Sovereign Default										
	JPY Rate Options and Swaptions	$ (40)	7.3	$ 5,183	53	14	$ 11	(3.9)	(1,821)	27
SUBTOTAL ACTIVE POSITIONS		**(131)**	**23.2**		**65**	**(66)**	**11**	**(3.9)**	**(1,821)**	**28**
EXPIRED POSITIONS										
	Australian Put Spread	$ (13)	0.5	$ 870		(13)	-	-	-	
	JPY Rate Options and Swaptions	$ (30)	3.9	$ 4,332		(30)	$ (30)	3.9	4,332	
SUBTOTAL EXPIRED POSITIONS		**(42)**	**4.4**	**5,202**		**(42)**	**(30)**	**3.9**	**4,332**	
	TOTAL	**$ (174)**	**27.6**		**$ 65**	**$ (109)**	**$ (19)**	**-**		**$ 28**

(1) Maximum Loss for Options

(2) Amount of delegated insurance budget used for fiscal year ending August, 2013.

Non-Insurance Related Internal Derivatives
May 31, 2013

Manager	Derivative Strategy	Net Notional Value ($ millions)	Activity from previous report (2/28/2013) ($ millions)
Real Estate			
RUGL Swap	Short Swap on RUGL Index to reduce exposure to global real estate	-	197
Natural Resources			
Gold Futures	Purchased futures to gain exposure to gold markets.	314	(42)
Developed Country Equity			
Japan Forwards	Sale of Japanese Yen forwards to hedge the currency exposure in the MCC accounts	(323)	14
Emerging Markets Equity			
Emerging Markets FX Overlay	Currency forwards to align the Asset Class FX exposure closer to the benchmark	163	(10)
Korean Swap	Long swap on MSCI Korea index to increase exposure to Korea	34	-
MSCI Taiwan Swap	Long MSCI Swap to increase exposure to Taiwan	33	8
Emerging Markets Futures	Purchased futures to gain exposure to emerging markets.	369	(22)

External Manager Agency Account Derivatives May 31, 2013

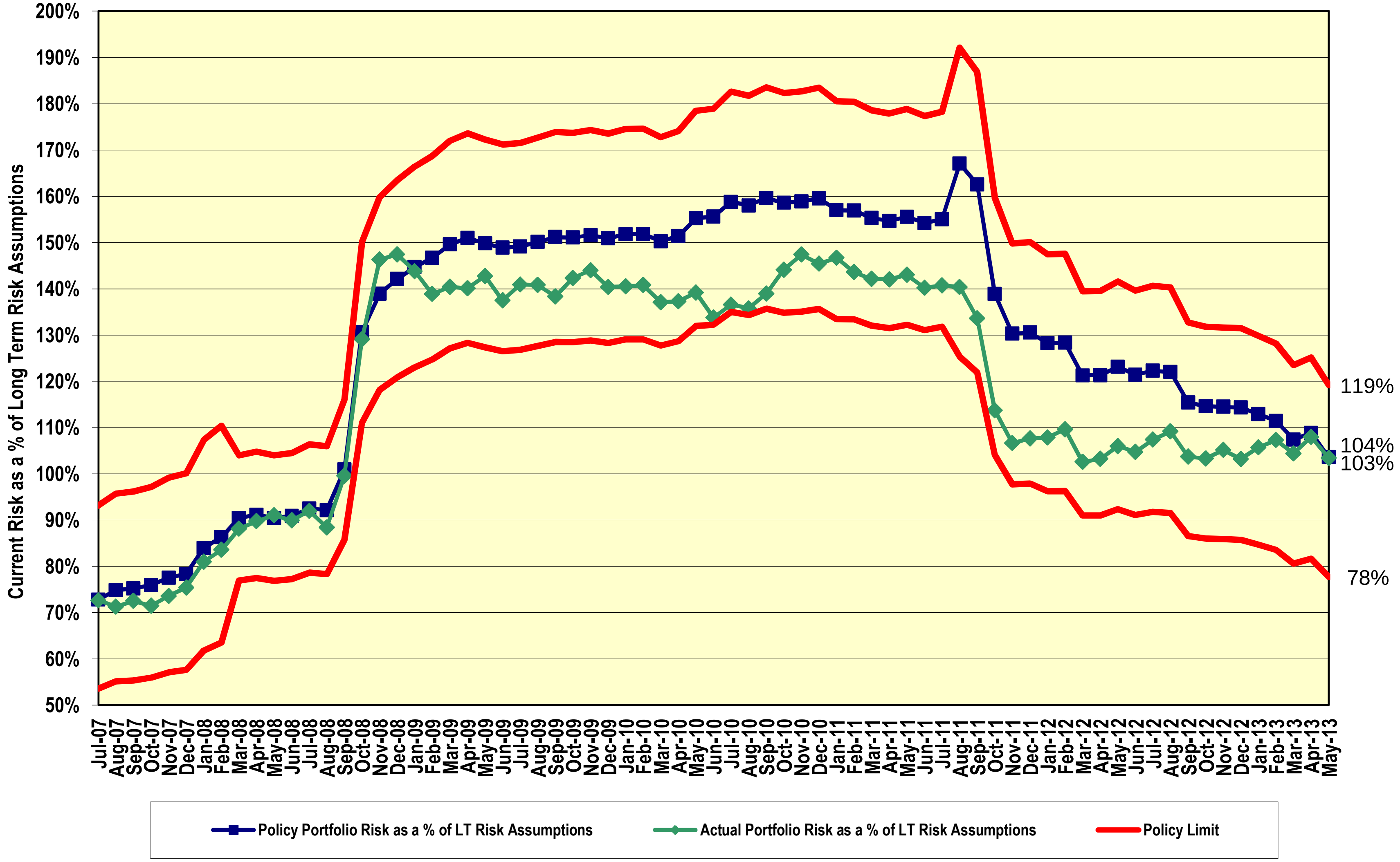
Manager	Derivative Strategy	Net Notional Value ($ millions)
Investment Grade Fixed Income		
Brandywine	Currency forwards used to hedge foreign currency exposure	(247)
Old Mutual	Short futures to reduce duration at the front end of the yield curve	(113)
PIMCO Global Bonds	Currency forwards used to underweight the US dollar	(16)
	Long US and Non-US futures used to overweight duration in Eurozone	21
	Long futures used to overweight front end of US and UK yield curves	247
	Receive Interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	7
	Pay Interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	(6)
	Interest rate swaps used to overweight front end of US and UK yield curves	11
	Short/Written credit default swaps used to overweight credit risk	39
	Long/Purchased credit default swaps used to underweight credit risk	(23)
	Written options used to increase portfolio yield	(198)
	Purchased options used to increase portfolio yield	6
Natural Resources		
Gresham	Long Exchange-traded commodity futures	413
Wellington Commodities SPV	Exchange-traded commodity futures, options and/or swaps	94
Developed Equity		
International Value Advisors	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(16)
International Value Advisors	Purchased options on single name shares	1
Non-US Emerging Equity		
AR Capital	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(2)
Squadra	Exchange-traded options and futures to provide higher return on cash holdings	8

OTC Derivative Counterparty Report
May 31, 2013

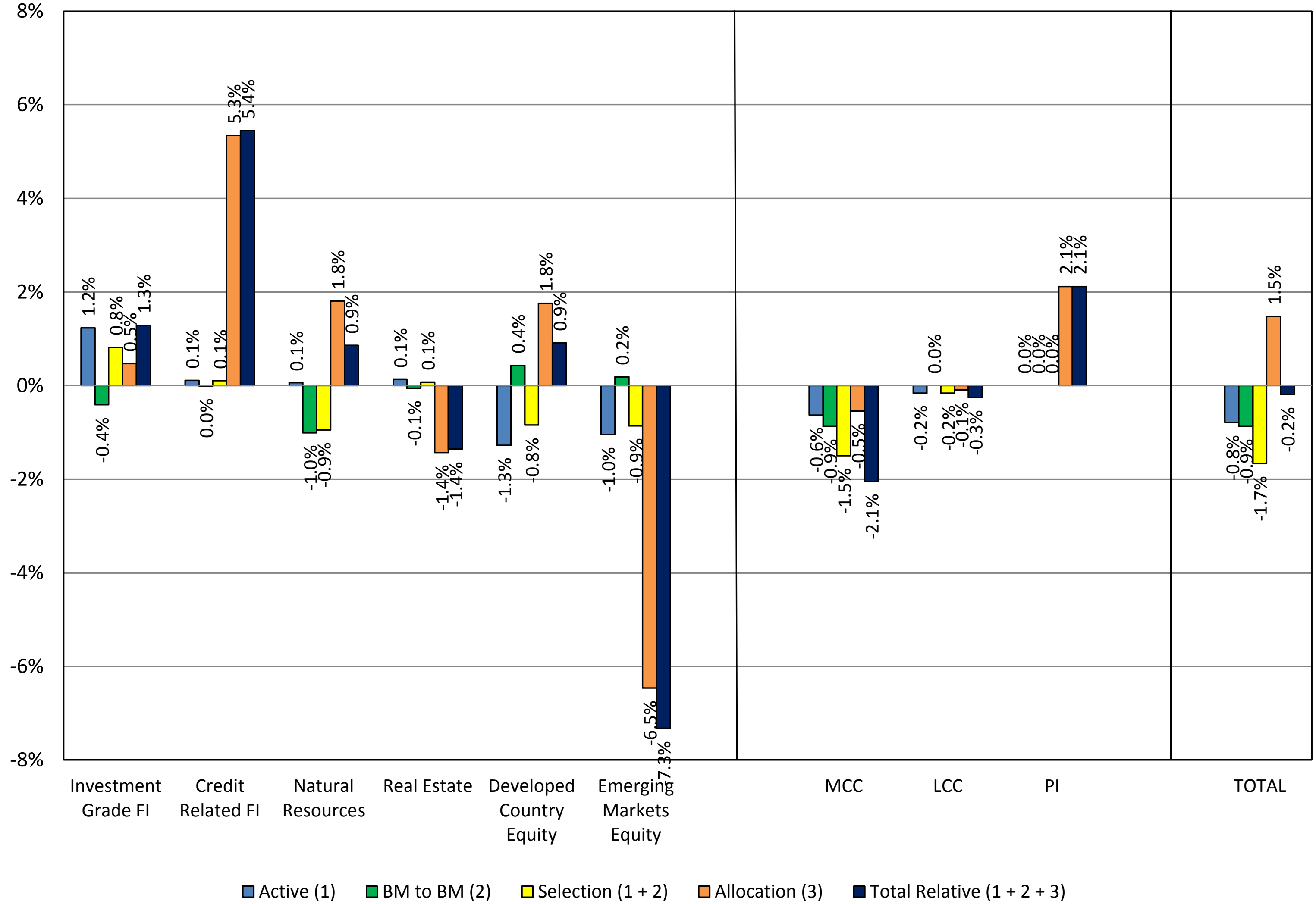
Counterparty	S & P Counterparty Rating	Mark-to-Market Owed by Broker	Mark-to-Market Owed by UTIMCO	Total Mark-to-Market	Percentage of Total Funds
		$ millions (net of posted collateral)			
GOLDMAN SACHS	A-	$ 14.8	$ (17.7)	$ (2.9)	-0.01%
CITIBANK NY	A-	8.0	(1.3)	6.7	0.02%
MORGAN STANLEY	A-	6.9	-	6.9	0.02%
BARCLAYS	A+	3.1	(3.1)	-	0.00%
BANK OF AMERICA	A-	0.8	(0.8)	-	0.00%
BANK OF NEW YORK	A+	0.6	(0.1)	0.5	0.00%
J P MORGAN, CHASE	A+	0.4	-	0.4	0.00%
WESTPAC BANKING CORP, SYDNEY	AA-	0.4	(0.2)	0.2	0.00%
CS FIRST BOSTON GBL FOREIGN EXCH	A	0.2	(0.2)	-	0.00%
HSBC BK USA, NEW YORK	A+	0.2	(1.3)	(1.1)	0.00%
DEUTSCHE BANK AG	A+	0.2	(0.2)	-	0.00%
BNP PARIBAS	A+	0.1	(0.3)	(0.2)	0.00%
UBS AG, STAMFORD	A	-	-	-	0.00%
ROYAL BANK OF SCOTLAND PLC	A-	-	-	-	0.00%
ROYAL BANK OF CANADA	AA-	-	(0.1)	(0.1)	0.00%
CHASE MANHATTAN	A	-	(0.2)	(0.2)	0.00%
UBS A G, ZURICH	A	-	(0.1)	(0.1)	0.00%
MELLON BANK	A+	-	-	-	0.00%
STANDARD & CHARTERED BK, LONDON	A+	-	-	-	0.00%
CREDIT SUISSE FIRST	A	(0.4)	0.3	(0.1)	0.00%
Grand Total		$ 35.3	$ (25.3)	$ 10.0	0.03%

Risk Analytics

Current Risk Environment of GEF
(Based on Downside Risk; LT assumption = 9.45%)



GEF 4-Way Risk Decomposition as of 5/31/2013

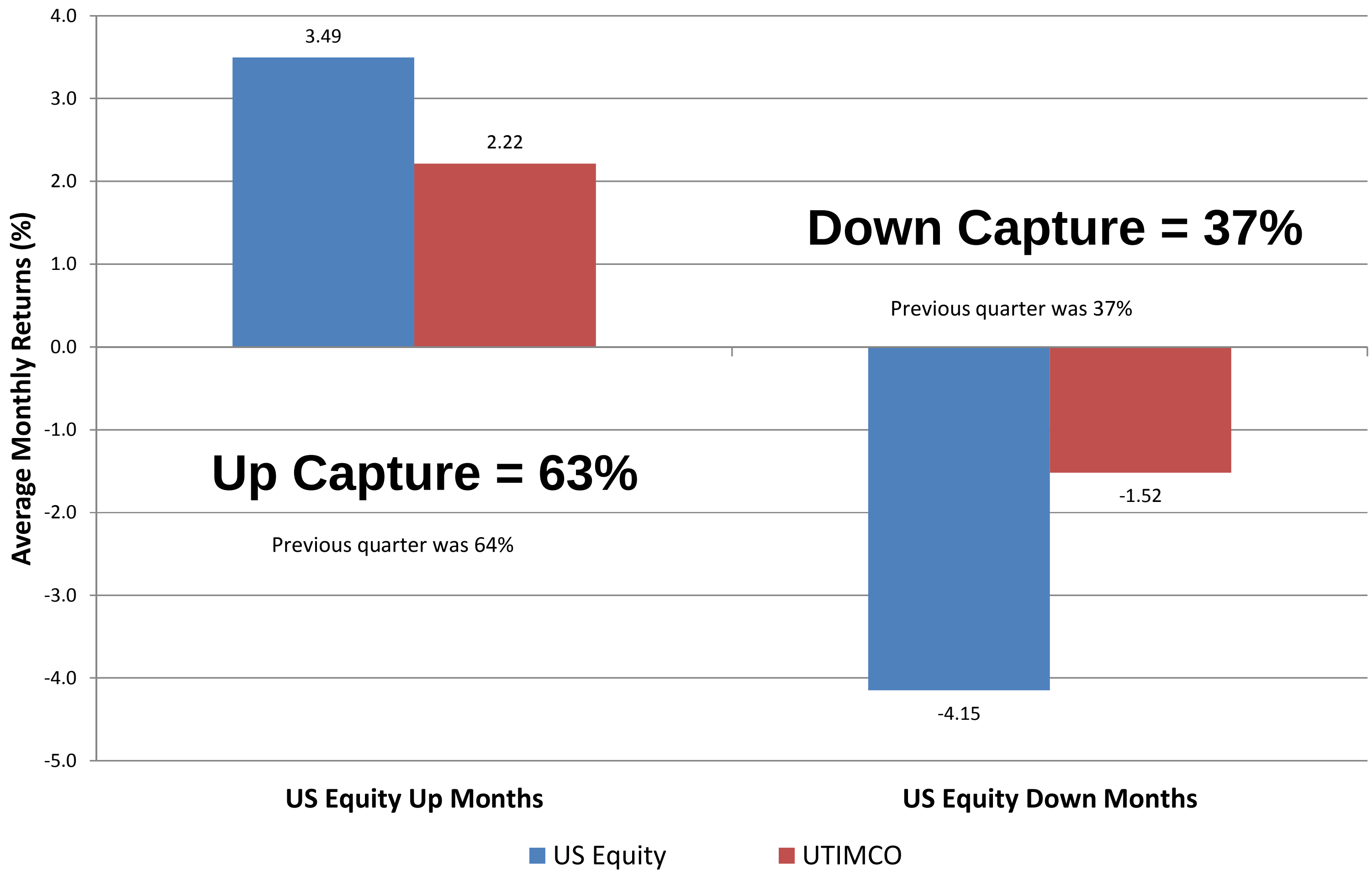


Portfolio Sharpe and Information Ratios

Period Ending May 31, 2013

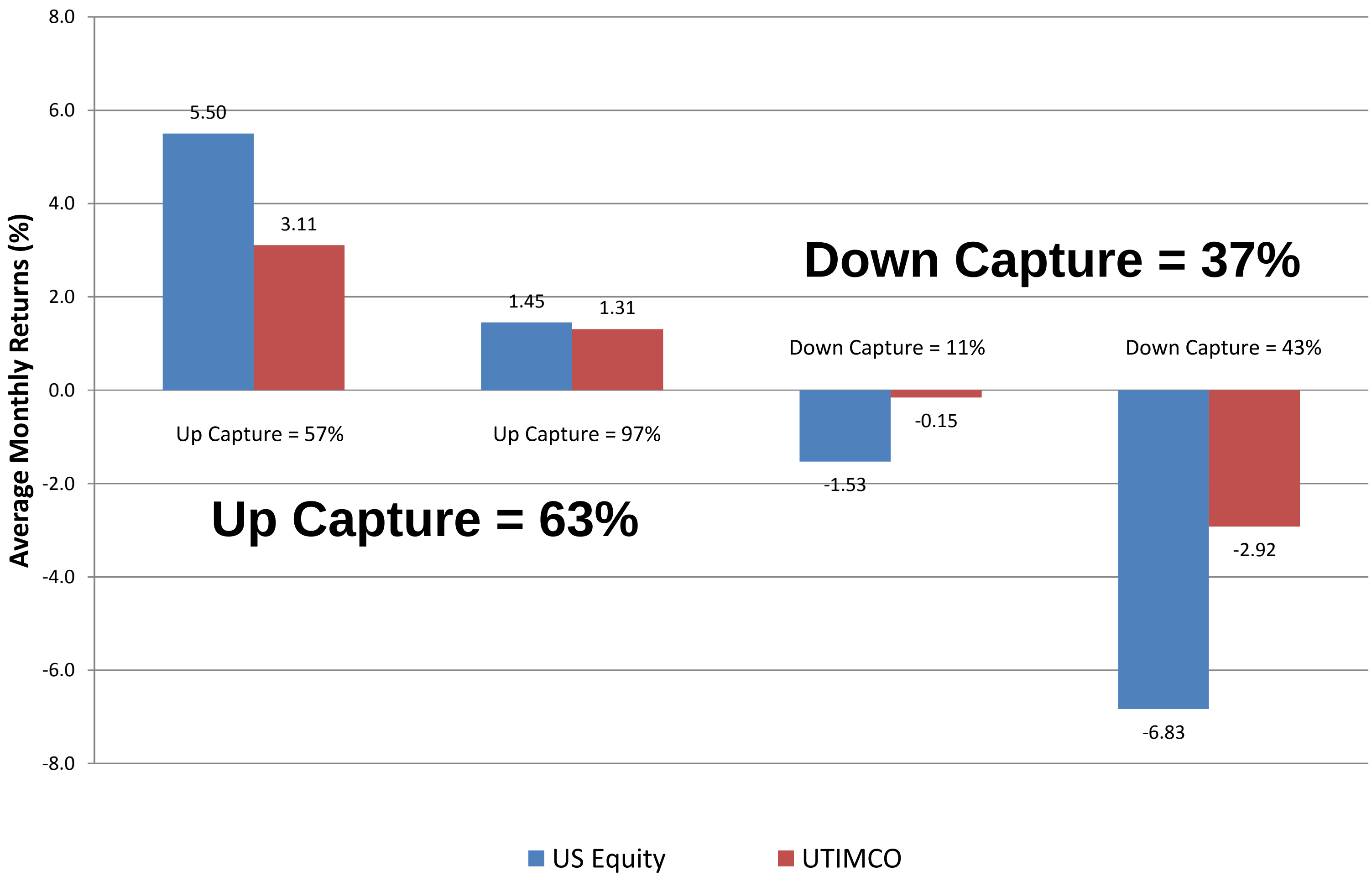
	Three Months	One Year	Three Years	Five Years	Ten Years
Actual Returns	2.45	13.15	9.80	3.20	8.47
Risk-free Returns	0.03	0.12	0.11	0.32	1.74
Actual Volatility	0.42	1.99	6.26	10.24	8.29
Portfolio Sharpe Ratio	5.80	6.55	1.55	0.28	0.81
Policy Returns	1.65	12.91	8.49	0.99	6.35
Policy Volatility	1.37	3.22	7.96	11.50	8.86
Tracking Error	1.25	1.80	2.73	3.07	2.57
Portfolio Information Ratio	0.64	0.13	0.48	0.72	0.82

UTIMCO's Up/Down Capture



Data from 8/1996 till 5/2013. US equity had 81 down months and 121 up months

UTIMCO's Up/Down Capture



Data from 8/1996 till 5/2013. US equity had 81 down months and 121 up months

GEF Marginal Risk Contribution

	MCC	LCC	PI	TOTAL
Investment Grade Fixed Income	0.18	-0.11		**0.10**
Credit-Related Fixed Income	1.23	0.39	0.57	**0.49**
Natural Resources	0.98	-0.33	2.36	**1.47**
Real Estate	1.25	0.12	2.40	**1.70**
Developed Country Equity	1.20	0.49	1.74	**1.03**
Emerging Markets Equity	1.12	0.14	2.78	**1.29**
TOTAL	**0.94**	**0.38**	**1.80**	**1.00**

Derivative Risk Contribution - GEF

	Risk Contribution					
	MCC	LCC	PI	TOTAL	Of Derivatives	Excluding Derivatives
Investment Grade Fixed Income	1.5%	-0.3%		**1.2%**	**0.1%**	**1.1%**
Credit-Related Fixed Income	0.1%	2.0%	2.9%	**5.0%**	**0.0%**	**5.0%**
Natural Resources	8.0%	0.0%	10.6%	**18.6%**	**1.3%**	**17.3%**
Real Estate	3.3%	0.1%	7.0%	**10.4%**	**0.0%**	**10.4%**
Developed Country Equity	17.5%	9.5%	19.7%	**46.6%**	**0.1%**	**46.5%**
Emerging Markets Equity	10.5%	0.3%	7.3%	**18.1%**	**2.5%**	**15.6%**
TOTAL	**40.8%**	**11.6%**	**47.4%**	**99.8%**	**4.0%**	**95.8%**

Correlations

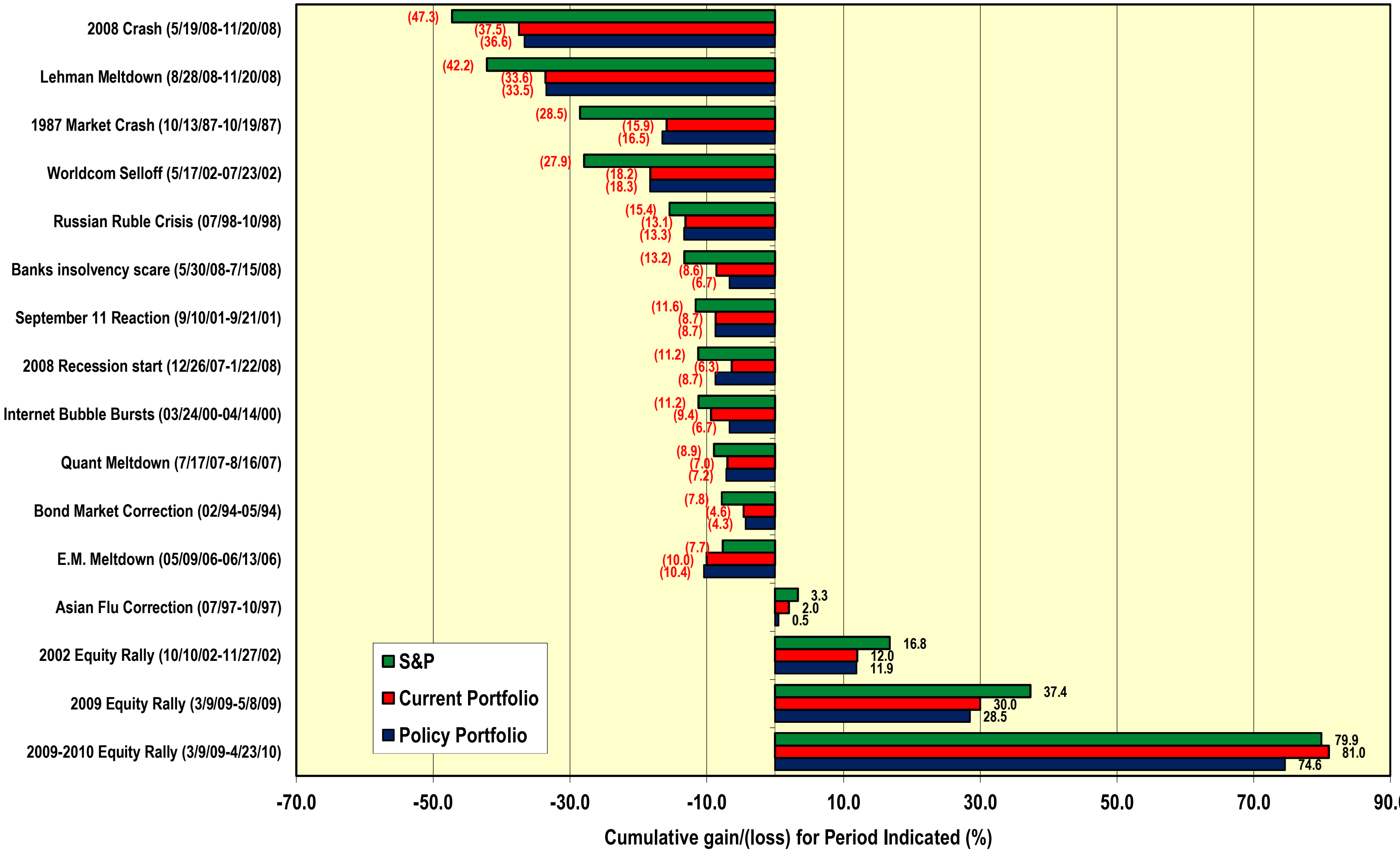
Measured from March 2008 through May 2013

	Total IGFI	Total Credit	Total RE	Total NatRes	Total DC	Total EM	MCC	LCC	PI	GEF
Total IGFI	1.00	0.44	0.62	0.66	0.65	0.68	0.75	0.62	0.28	0.75
Total Credit		1.00	0.58	0.58	0.65	0.57	0.59	0.67	0.71	0.71
Total RE			1.00	0.61	0.79	0.83	0.89	0.56	0.40	0.85
Total NatRes				1.00	0.76	0.80	0.84	0.77	0.35	0.86
Total DC					1.00	0.84	0.90	0.89	0.47	0.96
Total EM						1.00	0.96	0.79	0.21	0.93
MCC							1.00	0.79	0.30	0.97
LCC								1.00	0.29	0.87
PI									1.00	0.45
GEF										1.00

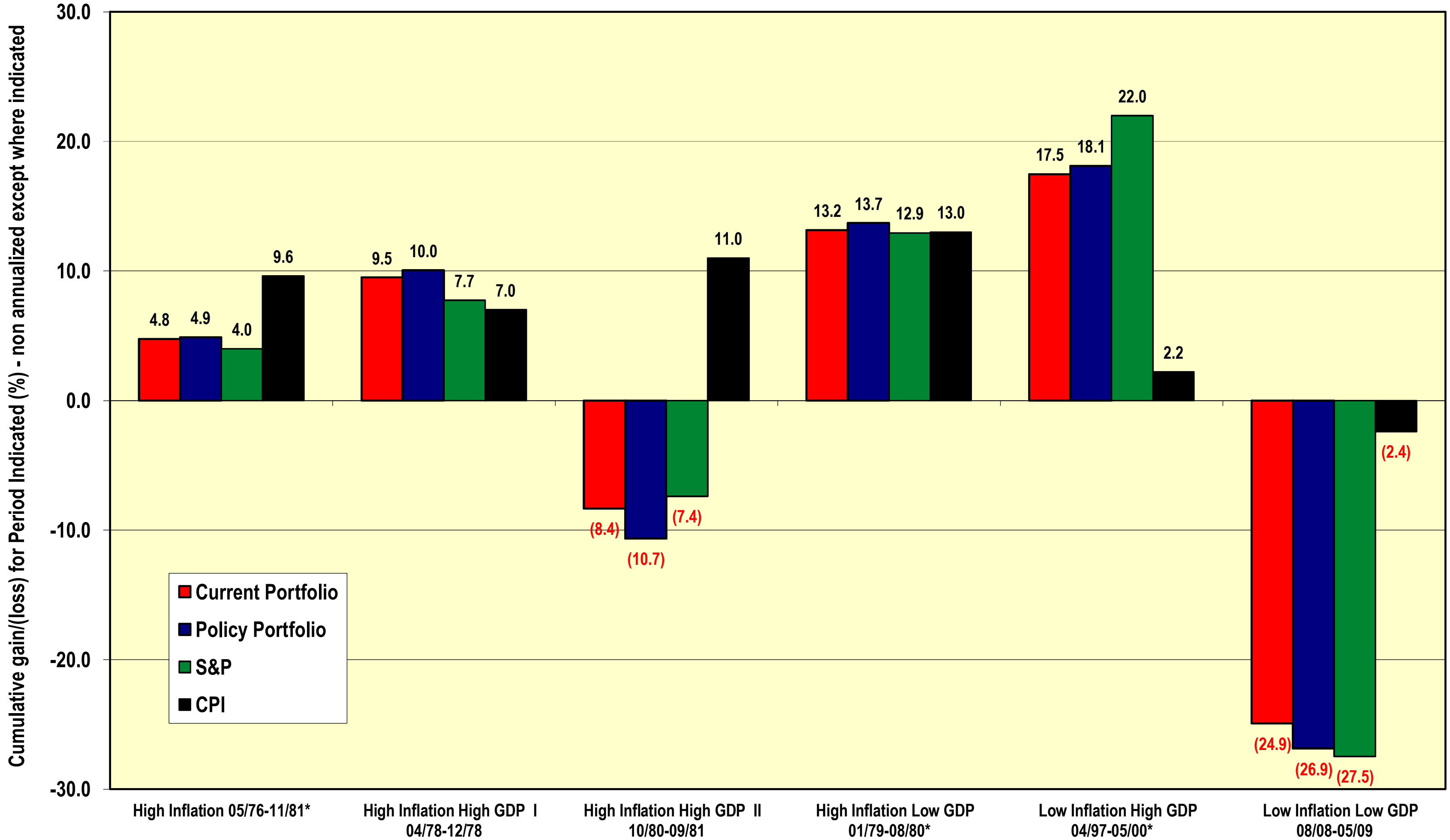
Parametric Stress Tests

Test	Effect on Endowment
• S&P-500 drops 20%	(12.29%)
• Rates rise 100bp	(0.14%)
• Dollar strengthens 5%	(0.74%)
• Dollar weakens 5%	0.68%
• Yield curve flattens – Bull case	0.14%
• Yield curve flattens – Bear case	(0.09%)
• Yield curve steepens – Bull case	0.09%
• Yield curve steepens – Bear case	(0.04%)

Hypothetical Performance of Current GEF Portfolio in Selected Market Stress Environments



Hypothetical Performance of Current GEF Portfolio in Selected Economic Stress Environments



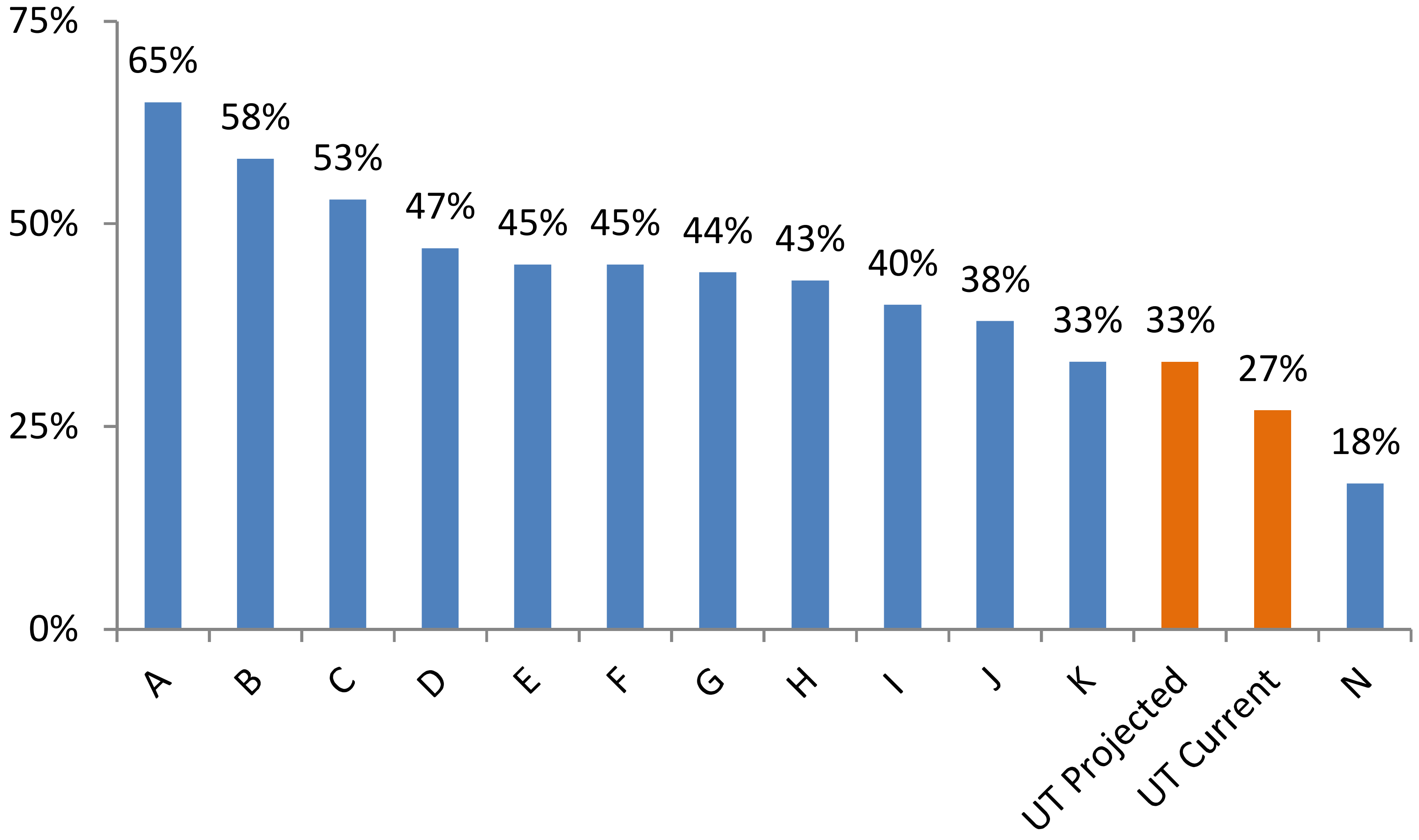
* Annualized

Scenario Analysis

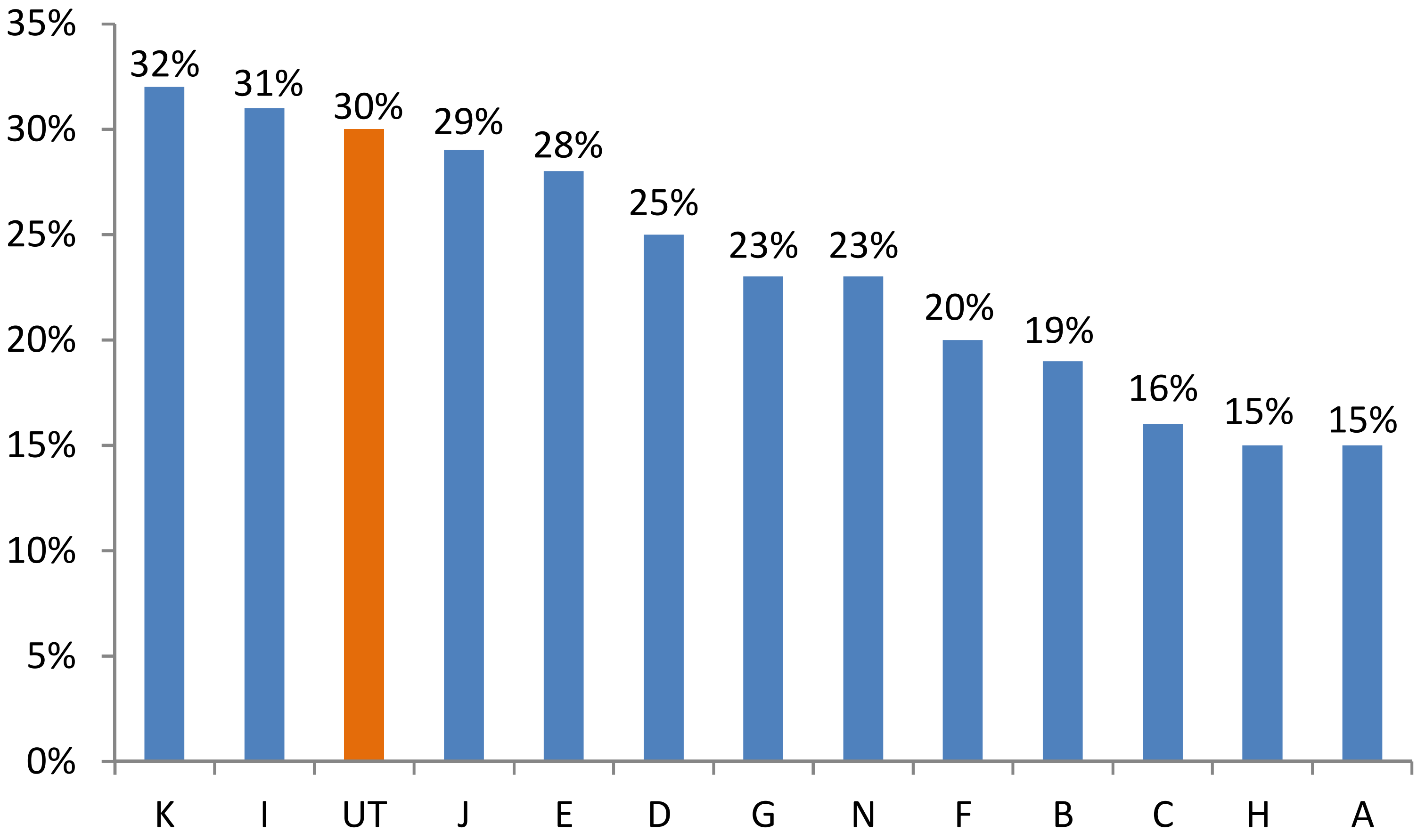
As of May 31, 2013

	Policy	Scenario							
		Full Recovery	Global Stagflation	Eurozone Default	Big Eurozone Default	Japan Crisis	USD Crisis	EM Bubble "Pop"	Deflation
Expected Policy Returns (nominal)	**7.36%**	**18%**	**(7.4%)**	**(5.5%)**	**(20%)**	**(19%)**	**(20%)**	**(22%)**	**(26%)**
Gain from tactical positions	(0.12%)	(1.5%)	1.6%	1.0%	2.8%	2.3%	3.3%	1.8%	0.6%
Gain from current hedges	(0.50%)	(0.2%)	0.0%	0.2%	0.2% - 1.6%	0.5% - 3.4%	0.3%	(0.1%)	(0.1%)
Gain from manager's alpha	1.00%	0.8%	1.5%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%
Estimated Endowment Returns	**7.75%**	**17.1%**	**(4.3%)**	**(2.1%)**	**(15%) – (13%)**	**(14%) – (11%)**	**(14.2%)**	**(18.3%)**	**(23.3%)**

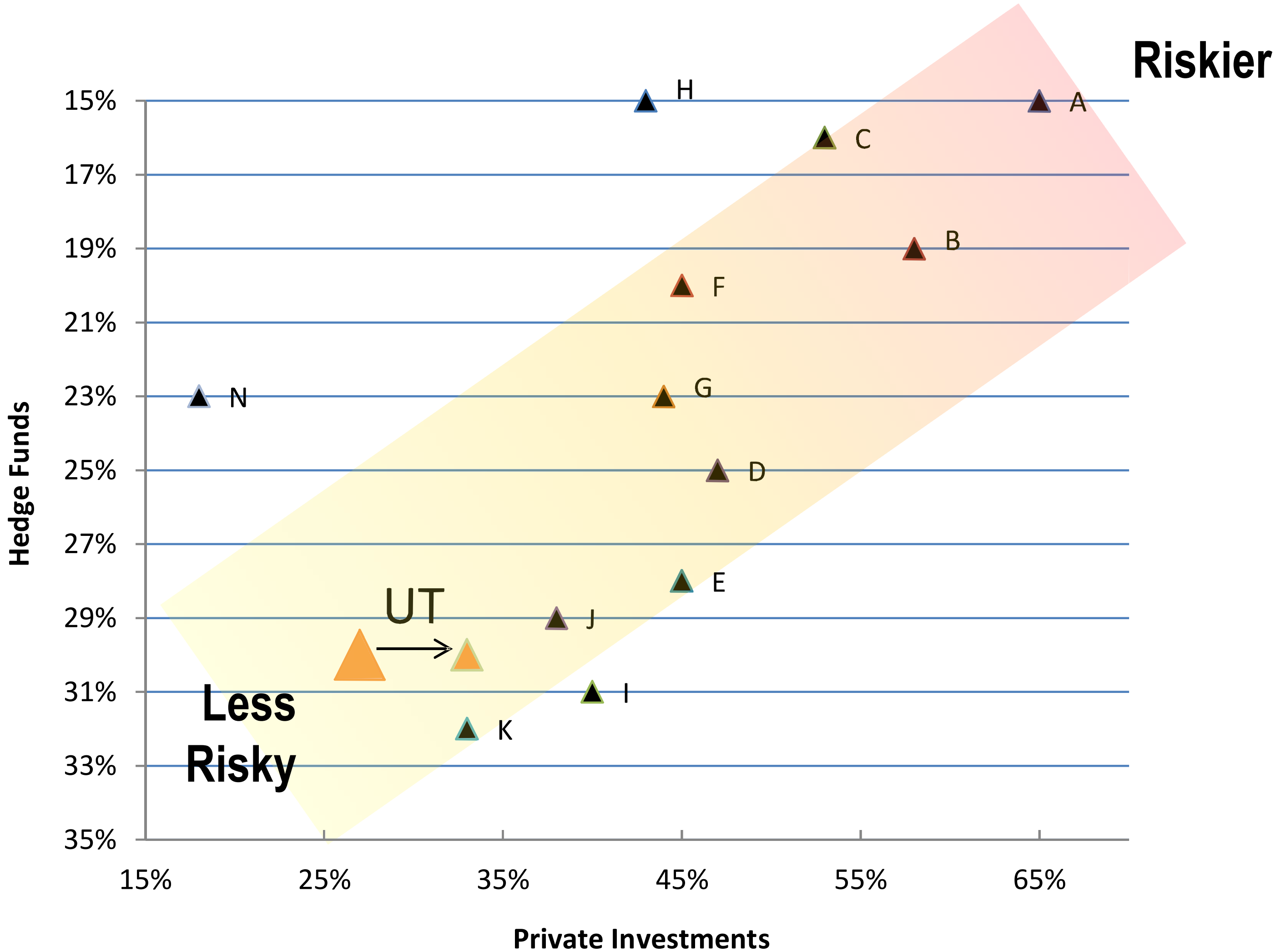
Private Investments/Total Assets



Hedge Funds/Total Assets



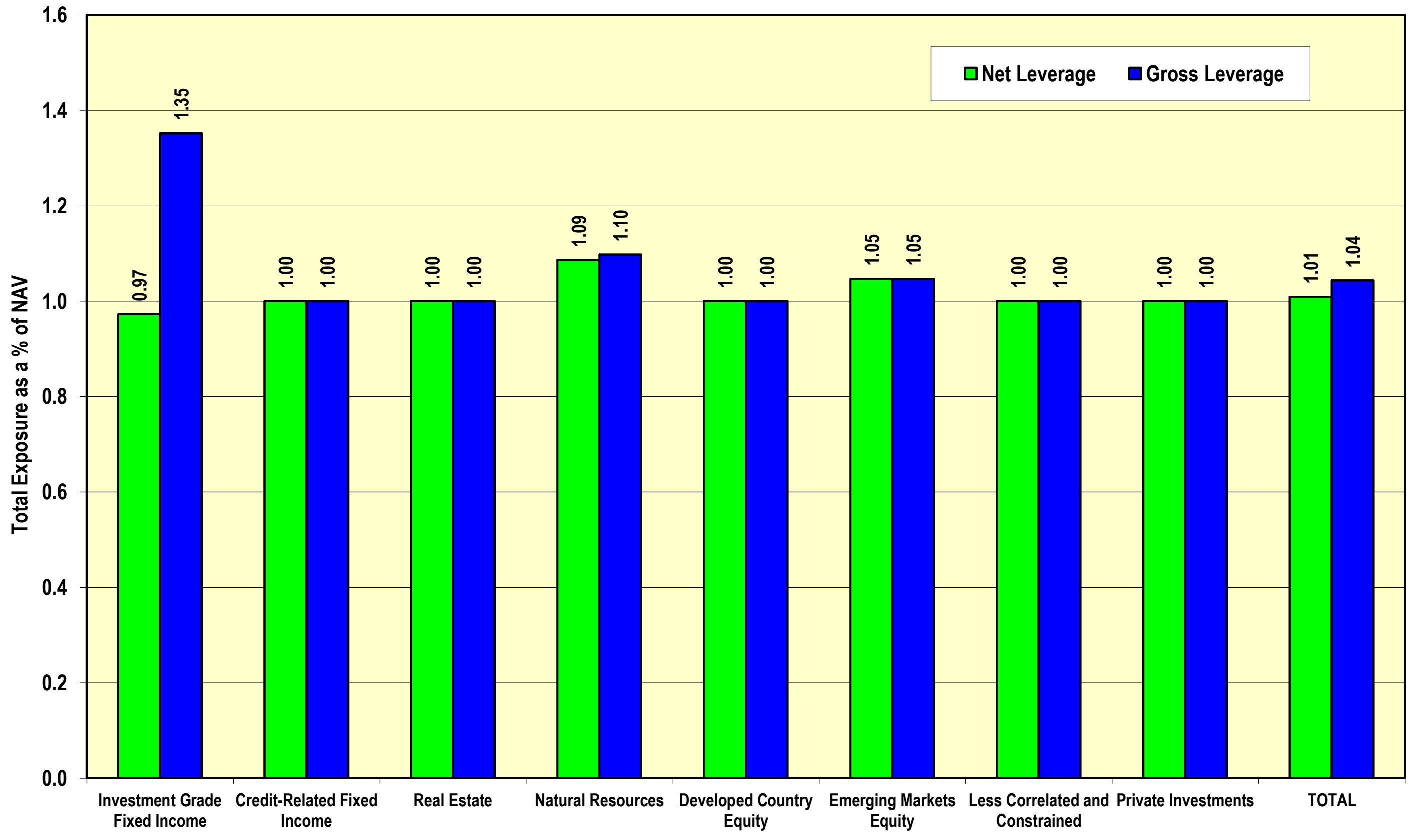
Qualitative Risk Measurement



Leverage

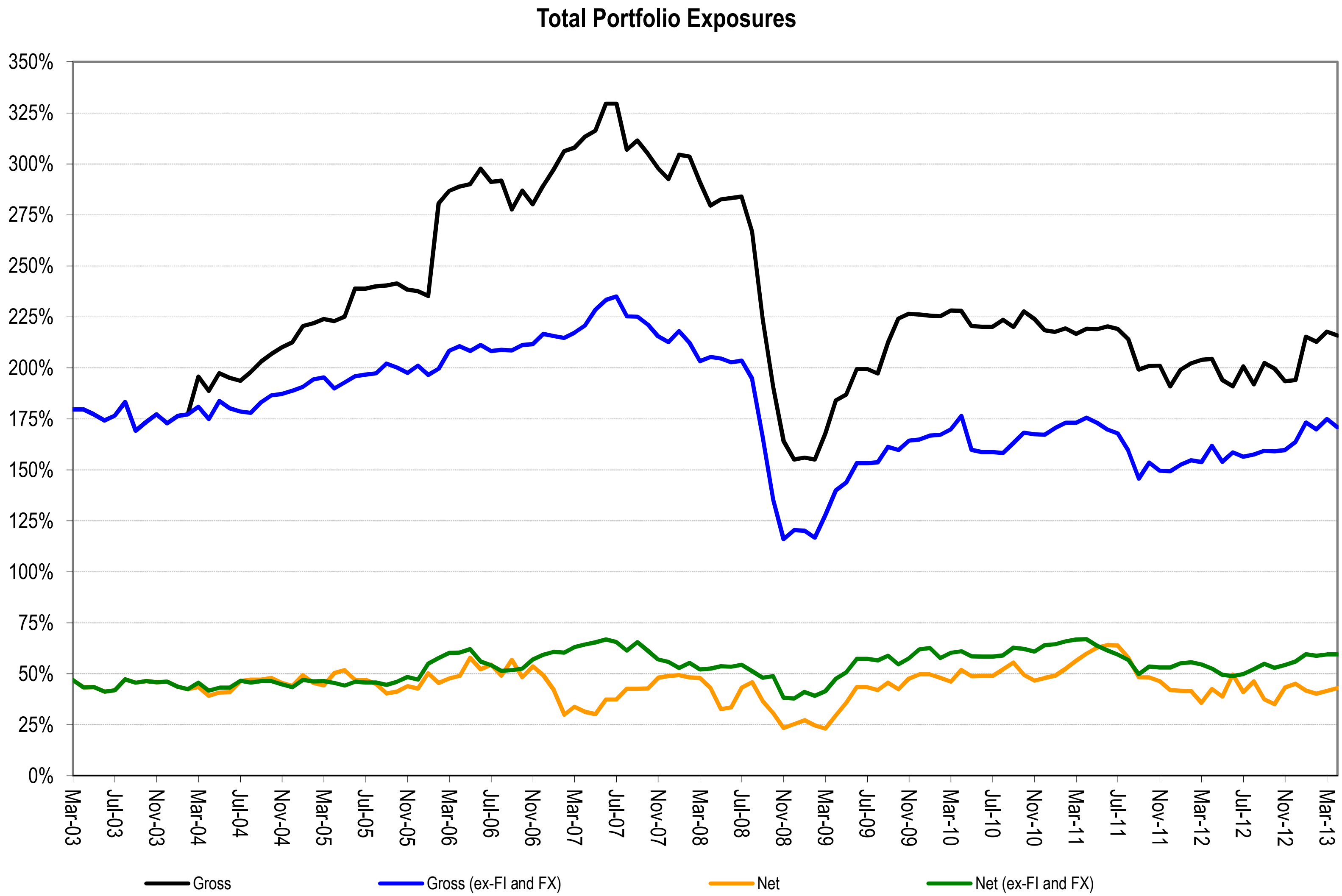
Portfolio Level Leverage as of May 31, 2013

- Overall the portfolio had a net leverage of 1.01x, gross of 1.04x
  - Leverage is being used to gain exposure in Natural Resources and in Emerging Markets



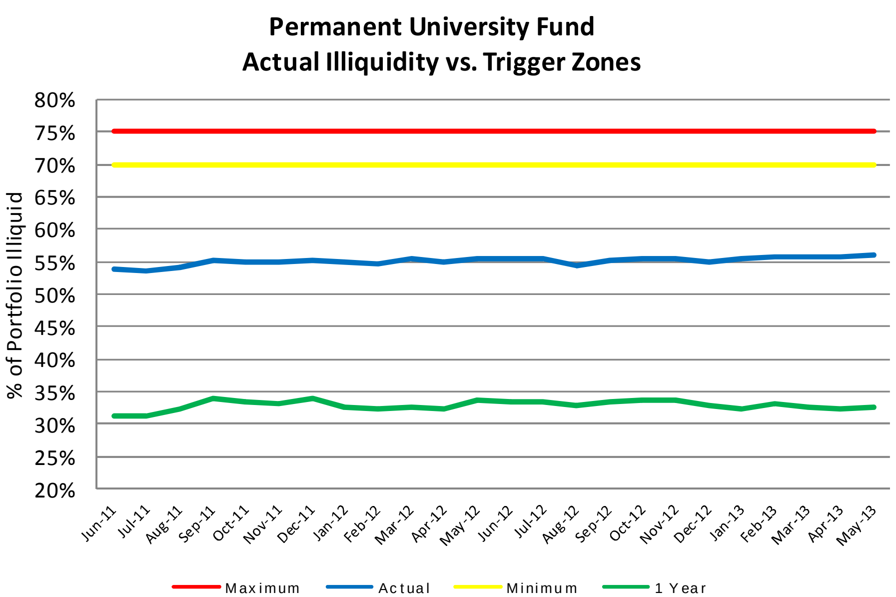
LCC Leverage

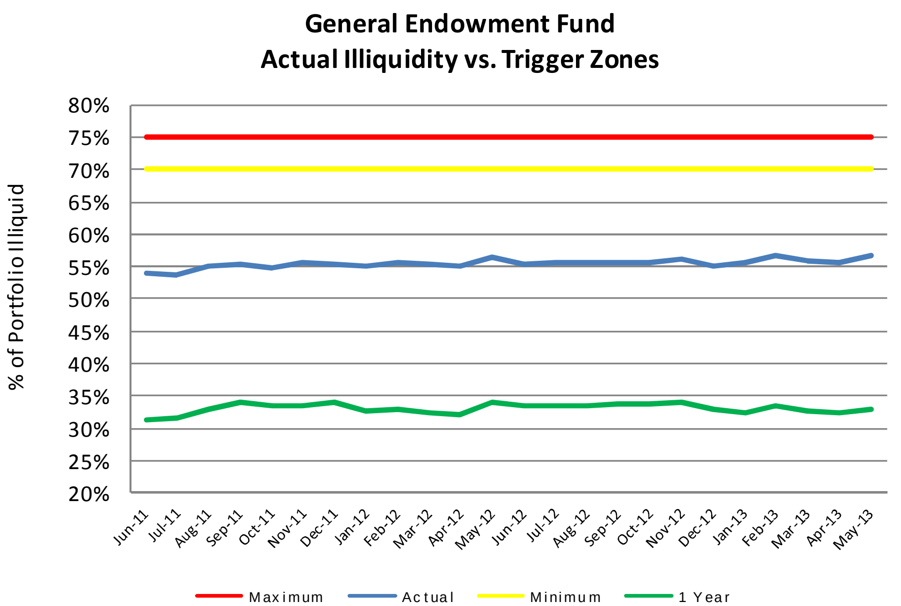
Estimated as of April 30, 2013



Liquidity

Endowment Fund Liquidity

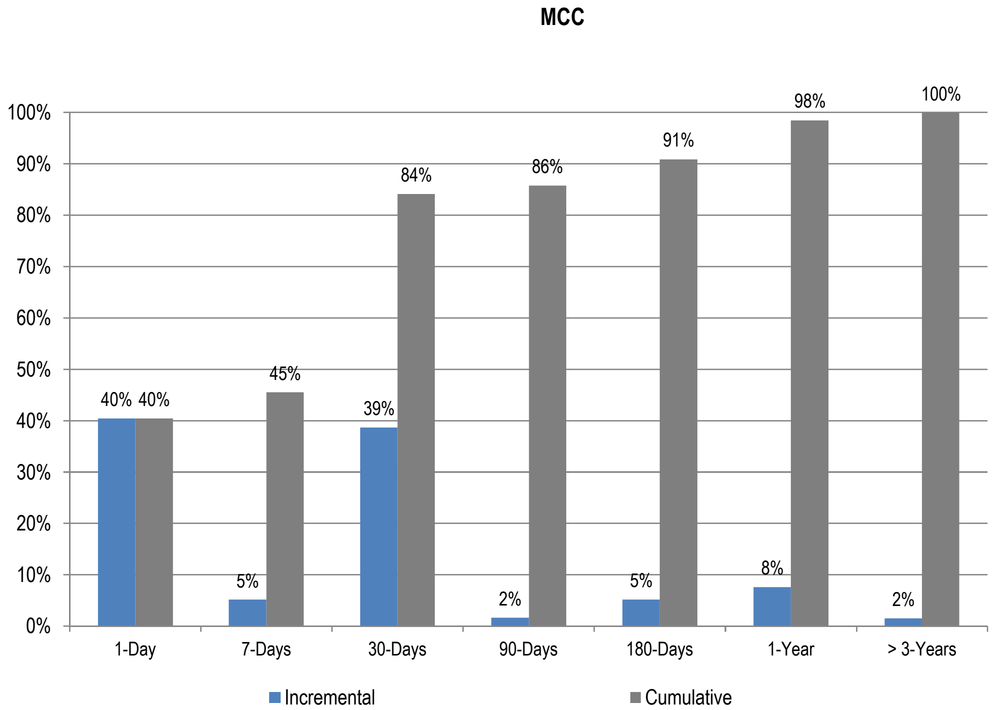


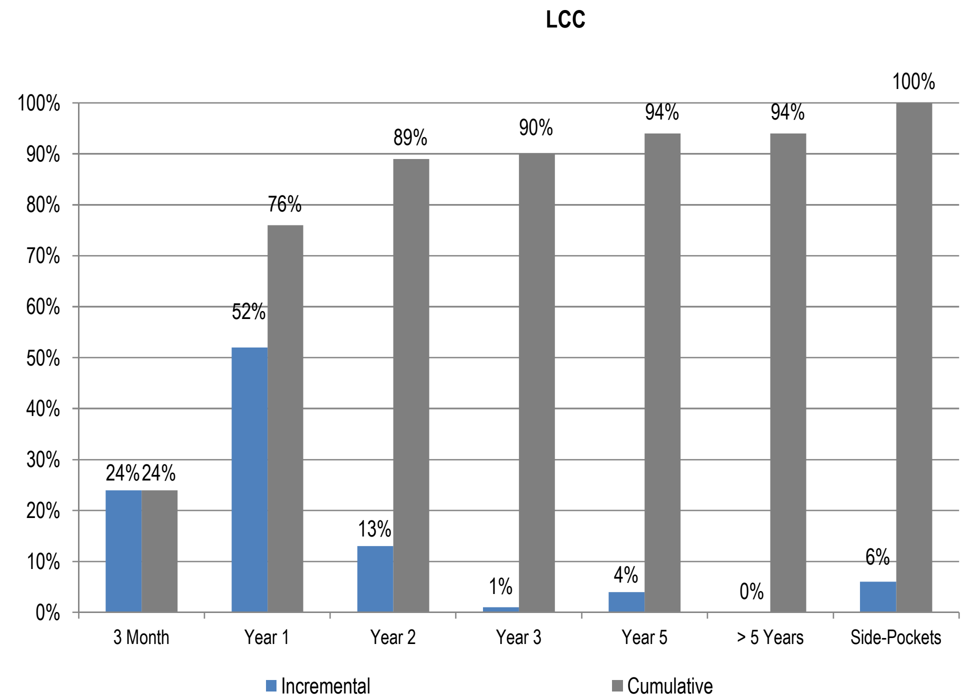


Three Month Liquidity $ 6,449 million One Year Liquidity $ 9,884 million

Three Month Liquidity $ 3,283 million One Year Liquidity $ 5,089 million

Estimated Run-Off Liquidity*
As of May 31, 2013





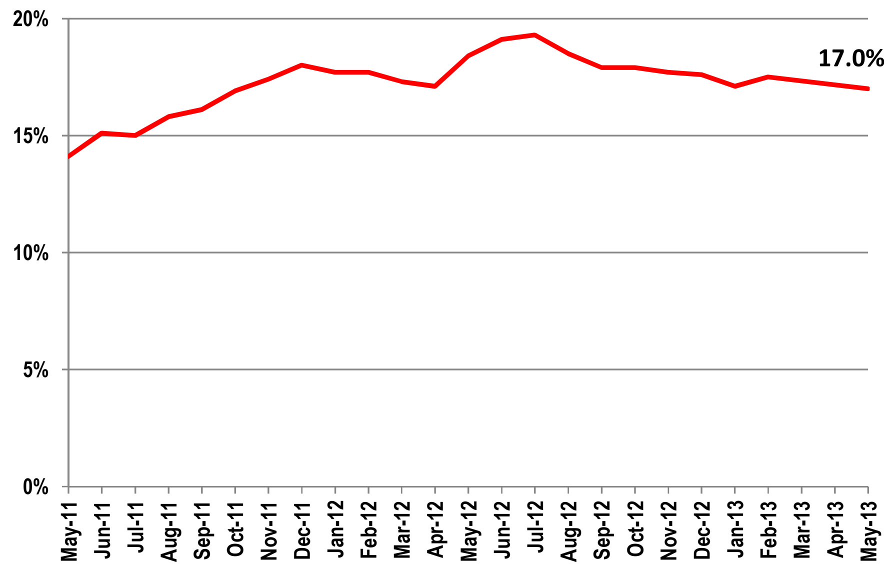
***Actual point in time liquidity varies from "smoothed" Policy Liquidity methodology**

Unfunded Commitments

Unfunded Commitments as of 5/31/13

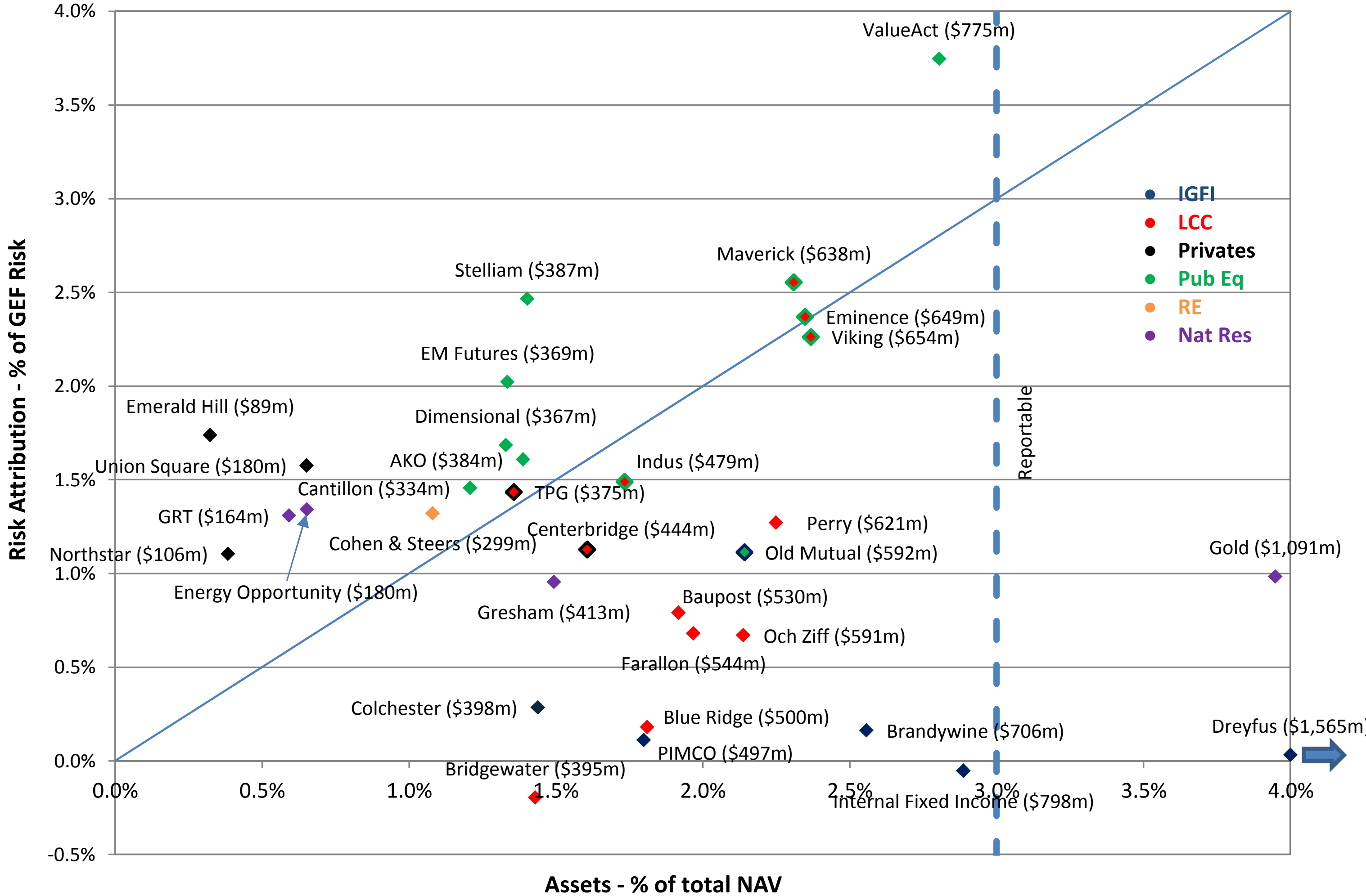
Asset Class	Unfunded Commitment	Unfunded Commitment as % of Total Endowments
PRIVATE INVESTMENTS		
CREDIT-RELATED FIXED INCOME	*249*	1.1%
REAL ESTATE	*832*	3.7%
NATURAL RESOURCES	*1,030*	4.6%
NON-VENTURE CAPITAL	629	2.8%
VENTURE CAPITAL	372	1.8%
DEVELOPED MARKETS EQUITY	*1,001*	*4.6%*
EMERGING MARKETS EQUITY	*555*	2.5%
TOTAL PRIVATE INVESTMENTS	*$3,667*	16.5%
TOTAL LESS CORRELATED AND CONSTRAINED	*$89*	0.4%
TOTAL MORE CORRELATED AND CONSTRAINED	*$14*	0.1%
GRAND TOTAL	*$3,770*	17.0%
TOTAL ENDOWMENTS HOLDINGS	*$22,220*	
MAXIMUM AMOUNT OF UNFUNDED COMMITMENTS ALLOWED PER LIQUIDITY POLICY		30.0%

Unfunded Commitments as a % of Endowment Assets



Manager Exposure

Largest Mandates: Risk and Dollar Allocations



Mandates with at least 1.43% of total assets, or at least 1.11% of Risk. Risk on this chart is measured using historical downside risk

Manager Exposures over 3% and 5%
May 31, 2013

Managers with exposure >3% relative to total Funds
(excluding ITF for Private Investments)

Manager Name	Investment Amount	%-age
More Correlated and Constrained		
None		
Less Correlated and Constrained		
None		
Private Investments		
None		

Managers with exposure >5% relative to total Funds
(excluding ITF for Private Investments)

Manager Name	Investment Amount	%-age
	None	

Investment Activity

Investments, Commitments, Significant Redemptions

Summary of Transactions
Made Under the Delegation of Authority
Three Months Ended May 31, 2013

	Redemptions ($ millions)				Investments / Commitments ($ millions)			
	MCC	LCC	Private	Total	MCC	LCC	Private	Total
Investment Grade Fixed Income	42	-	-	42	-	19	-	19
Credit-Related Fixed Income	-	33	-	33	-	-	-	-
Real Estate	-	-	-	-	-	-	50	50
Natural Resources	-	-	-	-	-	-	105	105
Developed Country Equity	-	107	-	107	12	-	-	12
Emerging Markets Equity	29	23	-	52	25	-	-	25
Total	$ 71	$ 163	$ -	$ 234	$ 37	$ 19	$ 155	$ 211

Summary of Transactions
Made Under the Delegation of Authority
Nine Months Ended May 31, 2013

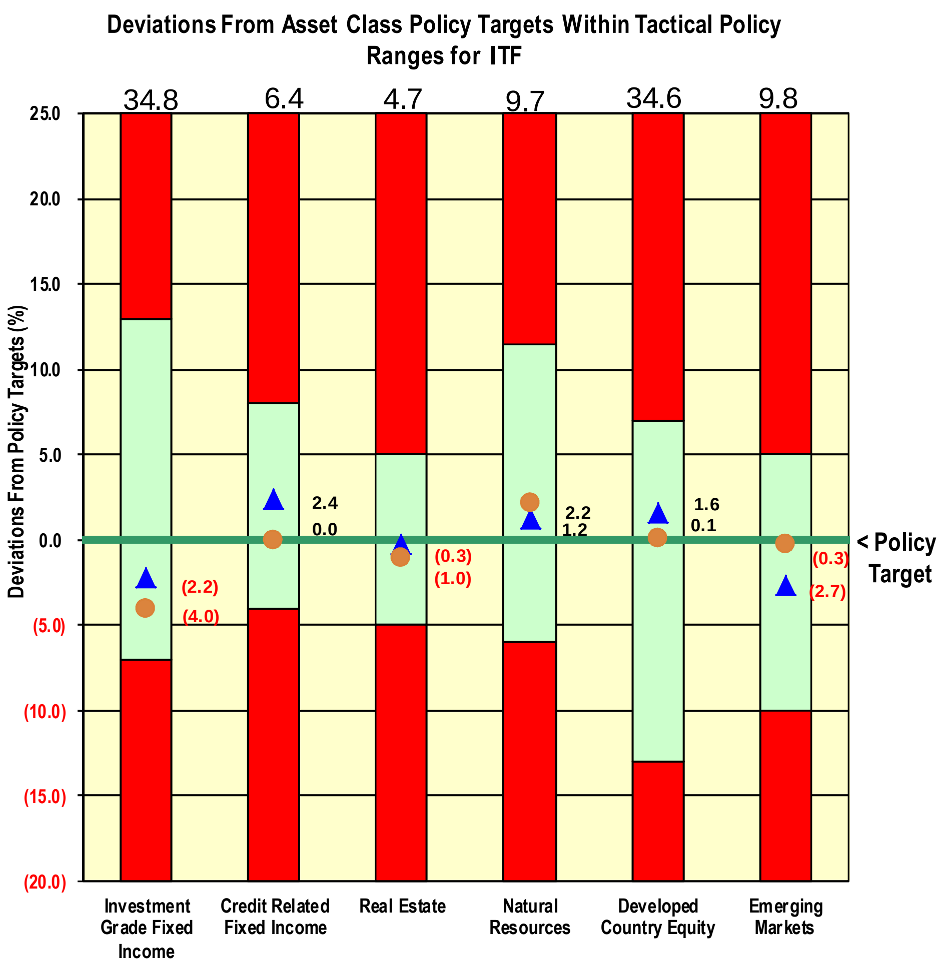
	Redemptions ($ millions)				Investments / Commitments ($ millions)			
	MCC	LCC	Private	Total	MCC	LCC	Private	Total
Investment Grade Fixed Income	277	-	-	277	-	69	-	69
Credit-Related Fixed Income	-	55	-	55	-	26	-	26
Real Estate	-	-	-	-	-	-	260	260
Natural Resources	527	-	-	527	336	-	364	700
Developed Country Equity	14	379	-	393	391	357	180	928
Emerging Markets Equity	133	161	-	294	206	50	39	295
Total	$ 951	$ 595	$ -	$ 1,546	$ 933	$ 502	$ 843	$ 2,278

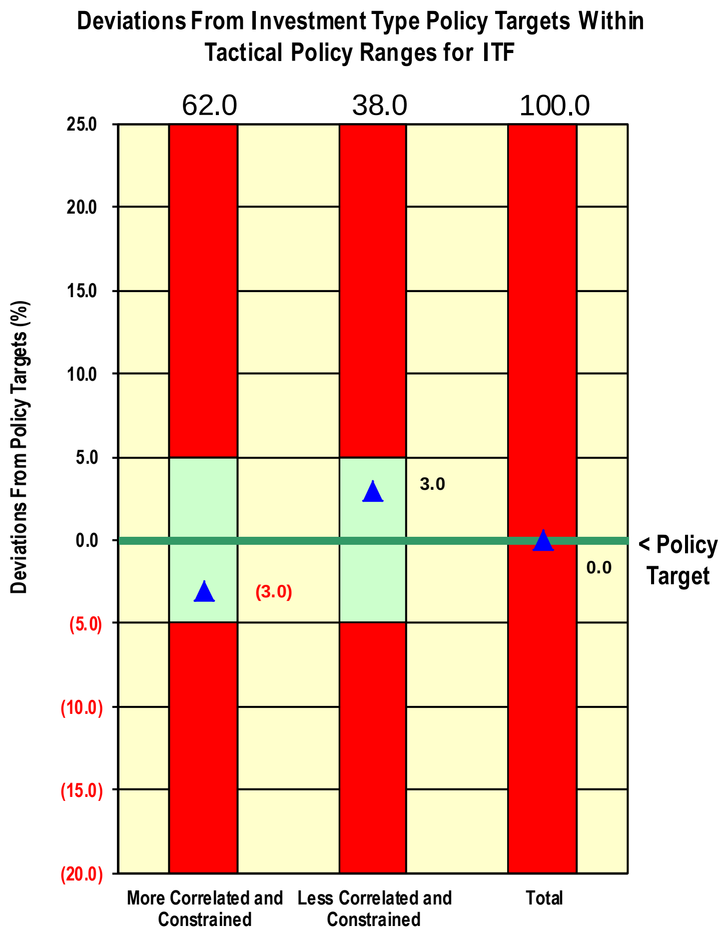
ITF

ITF Exposure
as of May 31, 2013
(in millions)

Asset Group	Asset Class	More Correlated and Constrained		Less Correlated and Constrained		Private Investments		Total	
Fixed Income	Investment Grade	$ 1,678	31.0%	$ 208	3.8%	$ -	0.0%	$ 1,886	**34.8%**
	Credit-Related	-	0.0%	346	6.4%	-	0.0%	346	**6.4%**
Fixed Income Total		**1,678**	**31.0%**	**554**	**10.2%**	**-**	**0.0%**	**2,232**	**41.2%**
Real Assets	Real Estate	215	4.0%	36	0.7%	-	0.0%	251	**4.7%**
	Natural Resources	527	9.7%	2	0.0%	-	0.0%	529	**9.7%**
Real Assets Total		**742**	**13.7%**	**38**	**0.7%**	**-**	**0.0%**	**780**	**14.4%**
Equity	Developed Country	546	10.1%	1,326	24.5%	-	0.0%	1,872	**34.6%**
	Emerging Markets	391	7.2%	139	2.6%	-	0.0%	530	**9.8%**
Equity Total		**937**	**17.3%**	**1,465**	**27.1%**	**-**	**0.0%**	**2,402**	**44.4%**
Total		**$3,357**	**62.0%**	**$2,057**	**38.0%**	**$-**	**0.0%**	**$5,414**	**100.0%**

ITF Asset Allocation as of May 31, 2013





▲ -- All Investment Types ● -- More Correlated and Constrained

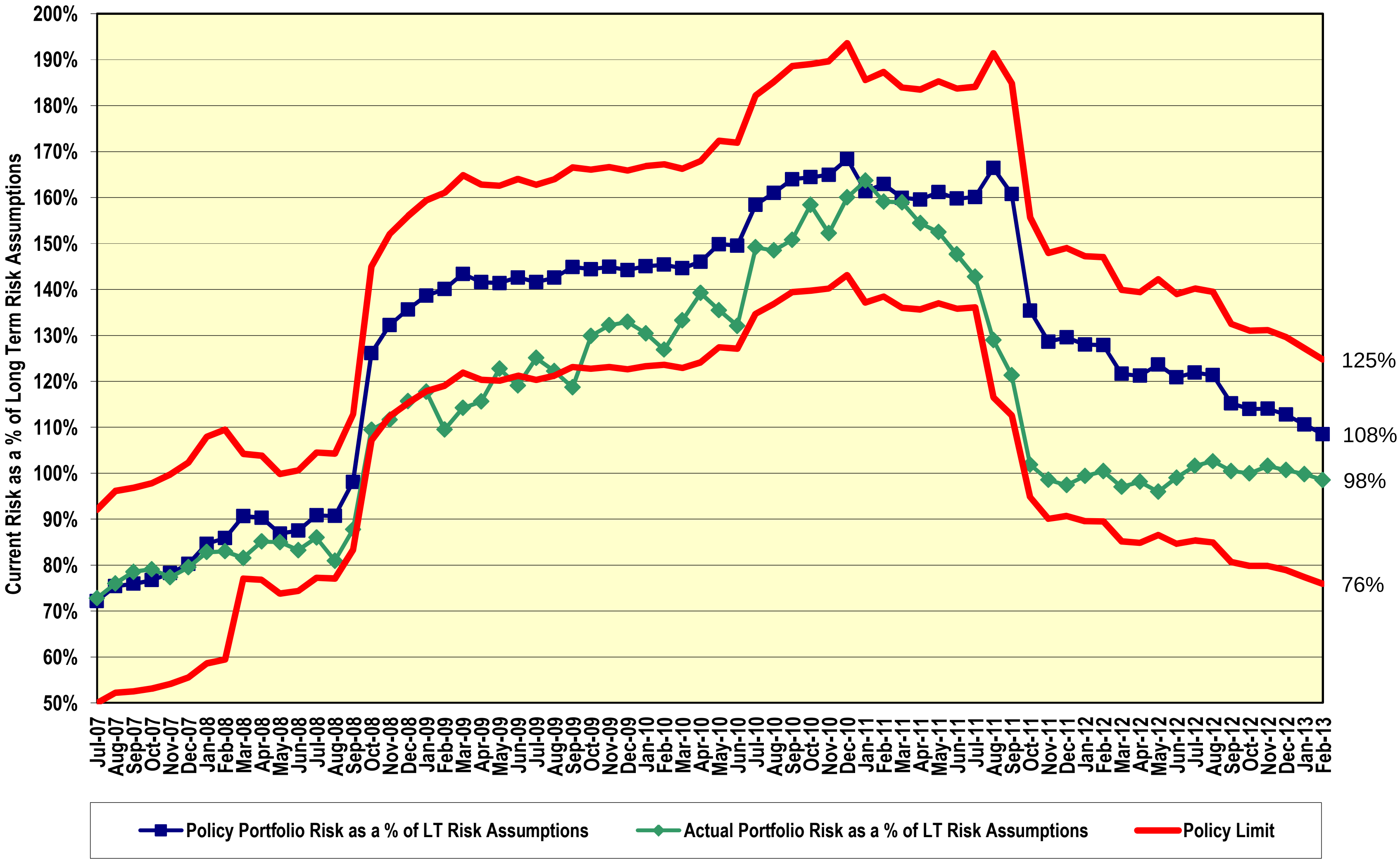
ITF Insurance Hedges

Event	Hedge	Exposures as of May 31, 2013: Total Cost (1)	bps Cost/Year (2)	Notional ($ millions)	MTM ($ millions)	P/L	Changes since February 28, 2013: Cost	bps Cost/Year (2)	Notional ($ millions)	MTM ($ millions)
ACTIVE POSITIONS										
U.S. Inflation										
	CMS Options	$ (13)	5.8	$ 2,251	$ 3	$ (10)	$ -	-	$ -	$ 0
Emerging Markets Bubble										
	KOSPI Put Spreads	(5)	5.7	261	0	(5)	-	-	-	(0)
	Australian Put Spread	(2)	1.9	55	0	(2)	-	-	-	(0)
	Total	$ (7)	7.6		0	(7)	-	-		(0)
Sovereign Default										
	JPY Rate Options and Swaptions	(4)	3.4	575	6	2	1	(1.8)	(235)	3
SUBTOTAL ACTIVE POSITIONS		**$ (24)**	**16.8**		**$ 9**	**$ (15)**	**$ 1**	**(1.8)**		**$ 3**
EXPIRED POSITIONS										
	Australian Put Spread	(2)	0.3	130		(2)	-	-	-	-
	JPY Rate Options and Swaptions	(3)	1.8	500		(3)				
SUBTOTAL EXPIRED POSITIONS		**$ (5)**	**2.2**			**(5)**	**-**	**-**		**-**
	TOTAL	**$ (29)**	**19.0**			**$ (20)**	**$ 1**	**(1.8)**		**$ 3**

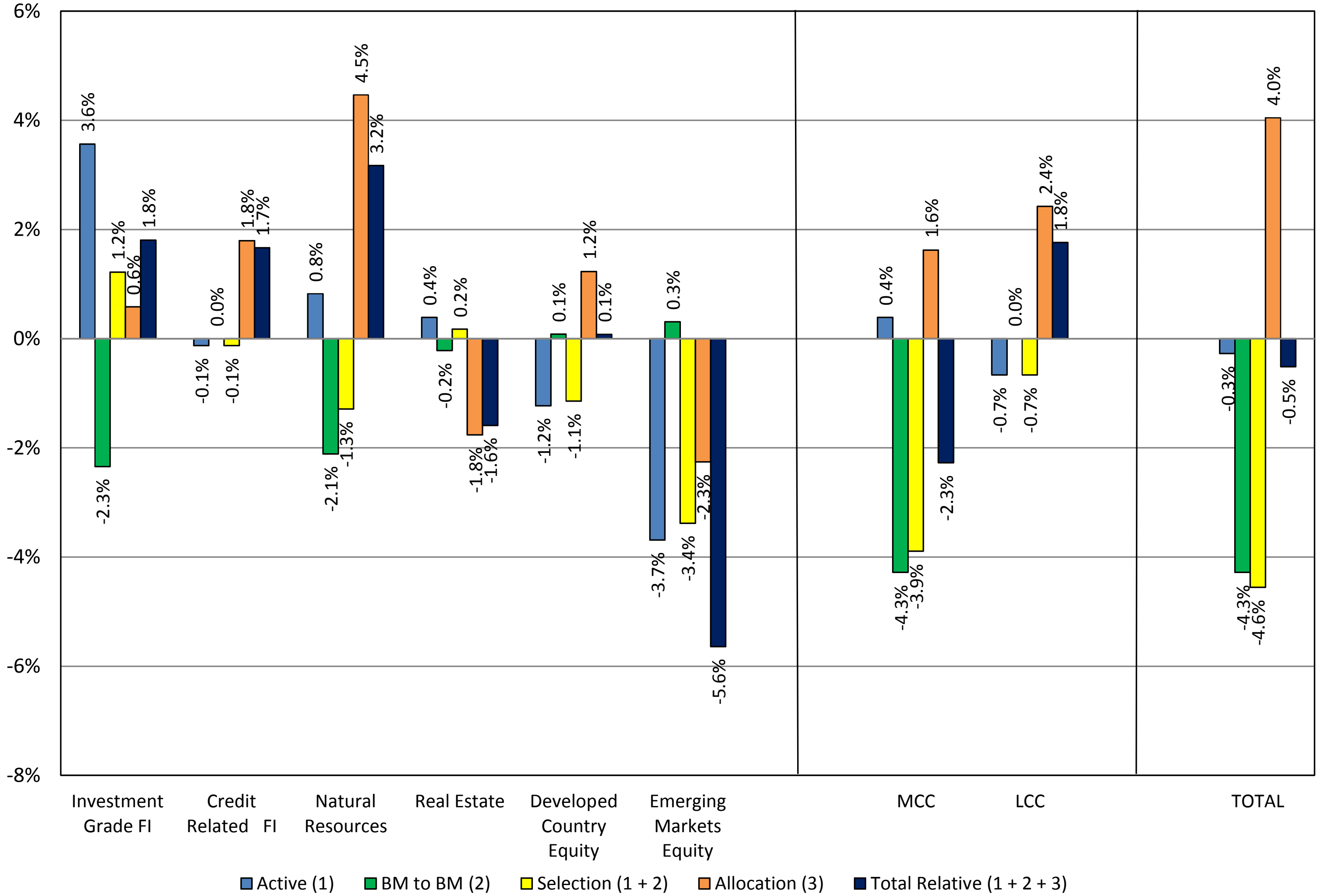
(1) Maximum Loss for Options

(2) Amount of delegated insurance budget used for fiscal year ending August, 2013.

Current Risk Environment of ITF
(Based on Downside Risk; LT assumption = 5.59%)



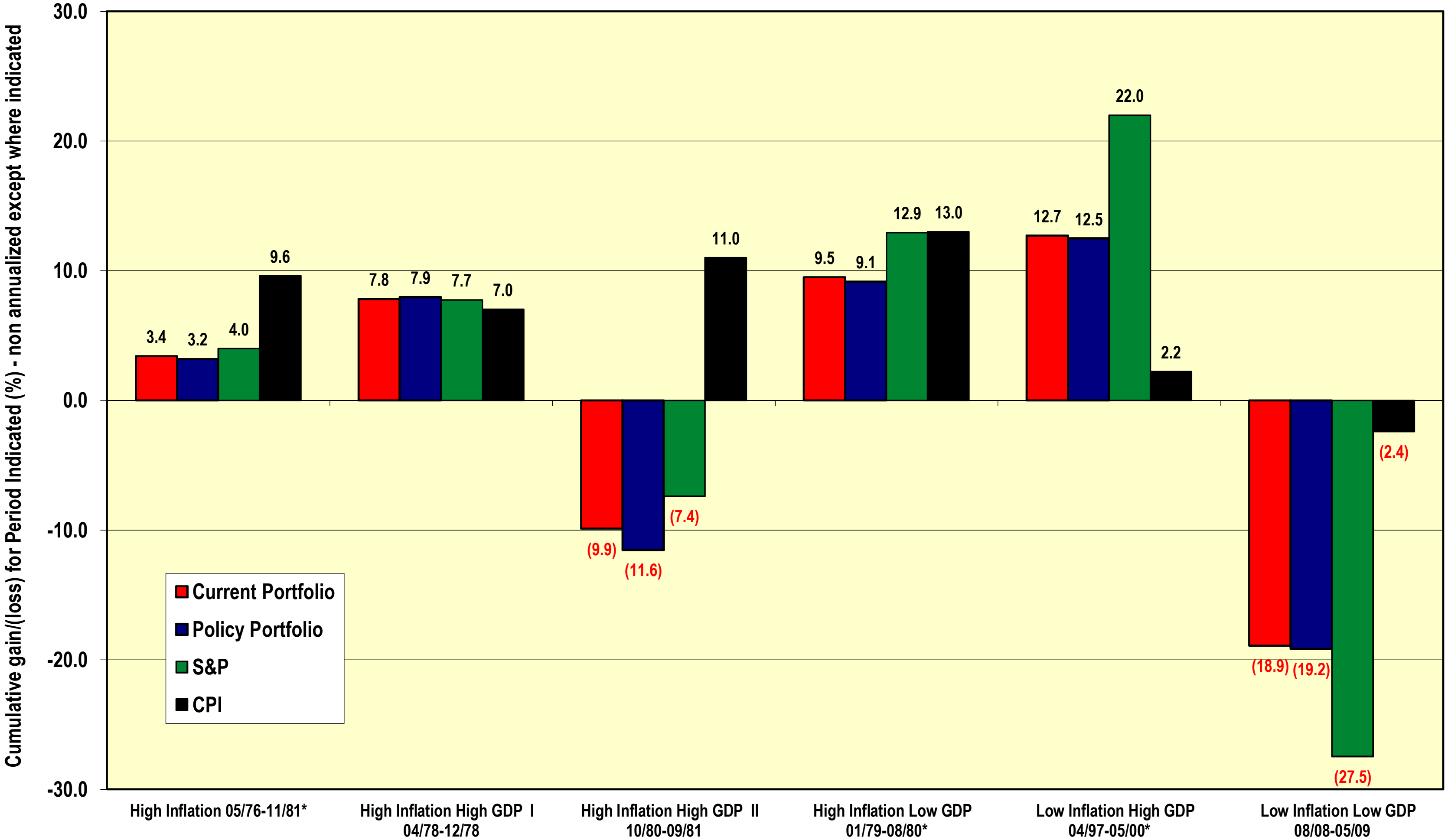
ITF 4-Way Risk Decomposition as of May 31, 2013



Parametric Stress Tests

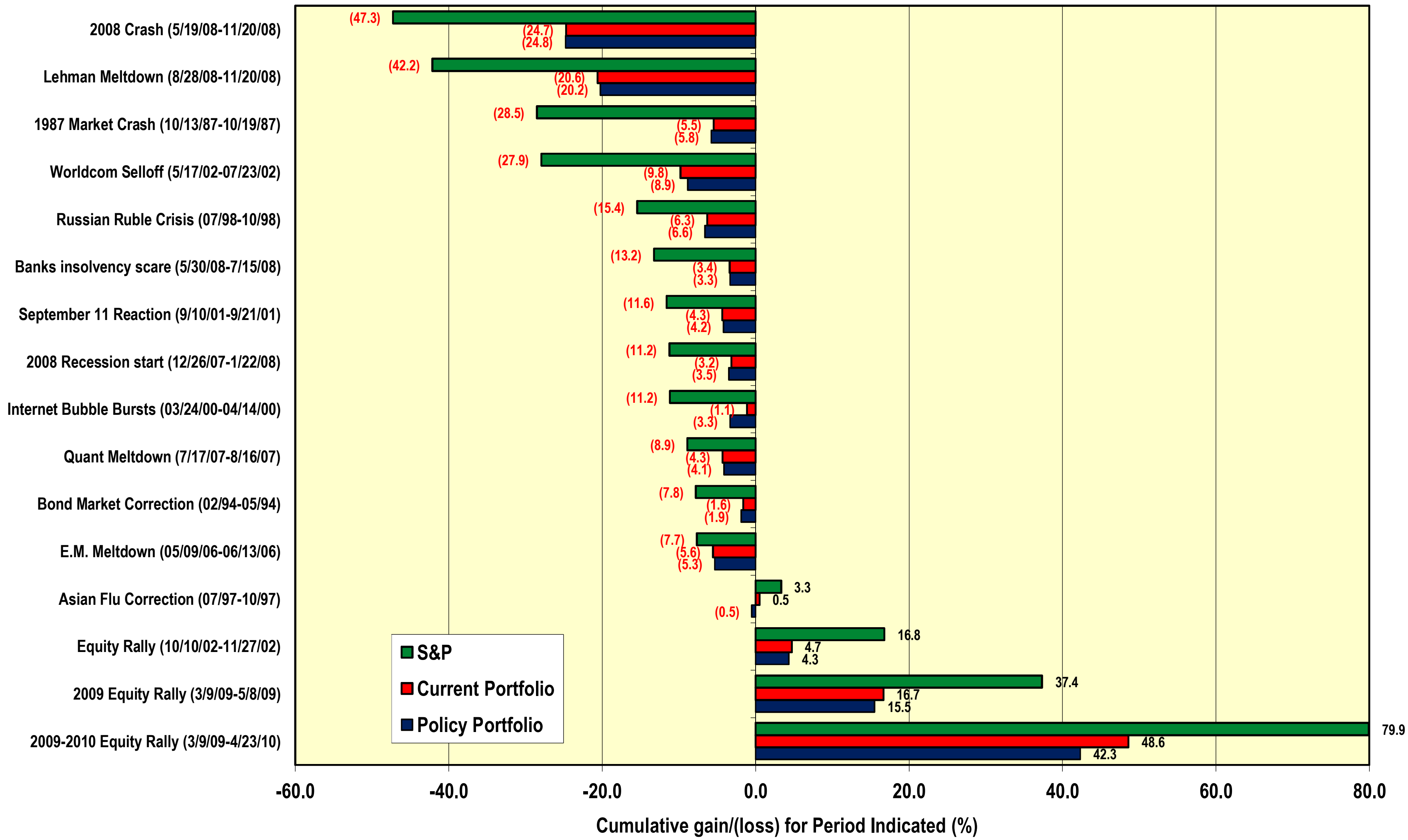
Test	Effect on ITF
• S&P-500 drops 20%	(4.79%)
• Rates rise 100bp	(1.11%)
• Dollar strengthens 5%	(1.12%)
• Dollar weakens 5%	1.27%
• Yield curve flattens – Bull case	0.90%
• Yield curve flattens – Bear case	(0.35%)
• Yield curve steepens – Bull case	0.36%
• Yield curve steepens – Bear case	(0.75%)

Hypothetical Performance of Current ITF Portfolio in Selected Economic Stress Environments



* Annualized

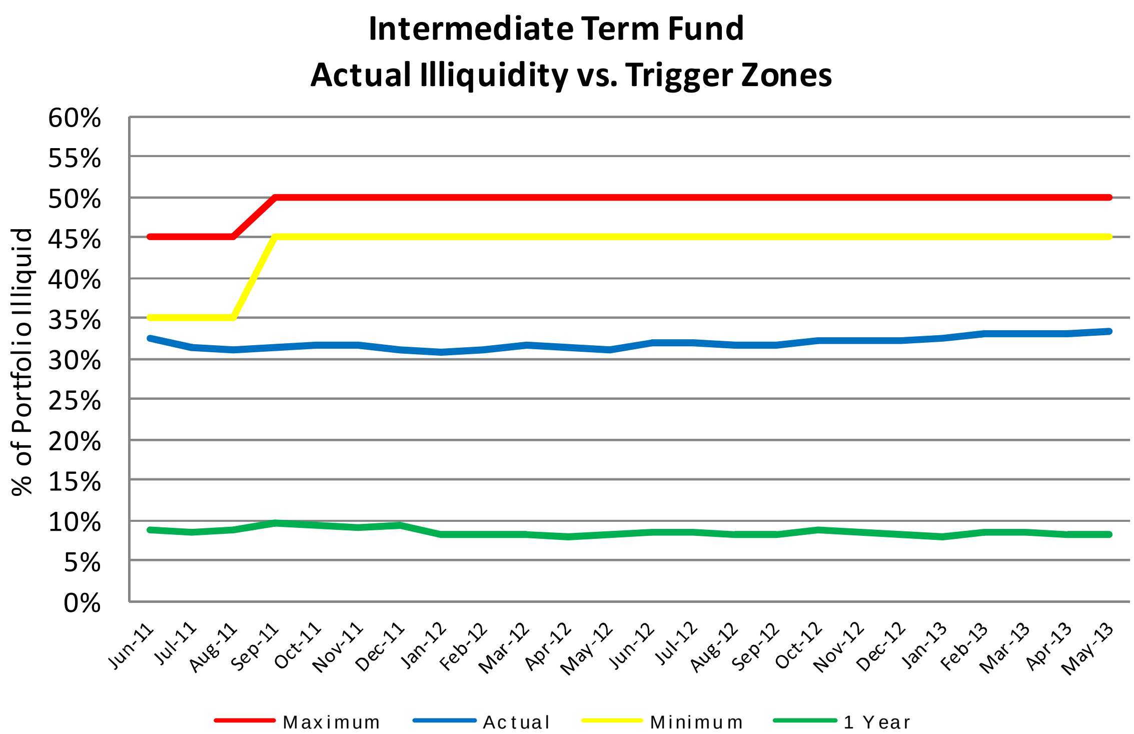
Hypothetical Performance of Current ITF Portfolio in Selected Market Stress Environments



ITF Leverage as of May 31, 2013

- Investment Grade Fixed Income had a long exposure of 1.28x, no net leverage
- All other asset classes and investment types had no net leverage at the portfolio level
- Overall the portfolio had a gross leverage of 1.18x, no net leverage

ITF Liquidity



Three Month Liquidity $ 3,608 million One Year Liquidity $ 4,970 million

Contracts Update

Report on New Contracts and Existing Contract Renewals, Leases, and Other Commercial Arrangements For April 1, 2013 through June 30, 2013

(Total Obligation per Agreement greater than $50,000)

Agreement	Purpose	Contract Term	Annual Amount
Burgiss Group	Portfolio management system for Private Markets	Expires April 2017; gradual annual increase up to $145,000/year	$117,000

Services that renew via invoice on a monthly or quarterly basis:

Agreement	Purpose	Contract Term	Annual Amount
Bloomberg	Portfolio Order Management System	Renews quarterly via invoice	$140,000
Bloomberg	All-in-one investment platform for trading, analysis and information	Renews quarterly via invoice and may be canceled at any time	$309,840
International Fund Services	Risk System	Quarterly invoice – fees increased as underlying accounts are added	$292,000
Factset Research Systems	Analytical tool for performance	Monthly invoice	$375,464
Albourne America LLC	Advisor to Marketable Alternative staff	Monthly invoice	$240,000