

UTIMCO BOARD OF DIRECTORS

MEETING AGENDA

December 10, 2020

UTIMCO

210 West 7th Street, Suite 1700

Austin, Texas 78701

Time	Item #	Agenda Item
Begin 9:00 a.m.	End 9:05 a.m.	1 Call to Order of the Meeting/Discussion and Appropriate Action Related to Minutes of the September 10, 2020 Meeting*
9:05 a.m.	9:10 a.m.	2 Discussion and Appropriate Action Related to Corporate Resolution: - Designation of Plan Administrative Committee Member*
9:10 a.m.	9:25 a.m.	3 UTIMCO Performance and Market Update
9:25 a.m.	9:50 a.m.	4 CEO Macro Insights Report
9:50 a.m.	10:35 a.m.	5 Strategic Asset Allocation Preview Report
10:35 a.m.	10:50 a.m.	6 Strategic Partnerships Presentation
10:50 a.m.	11:10 a.m.	7 Operations and Information Services & Security Presentation
11:10 a.m.	11:25 a.m.	8 Human Resources Presentation
11:25 a.m.	11:35 a.m.	9 Report from Audit and Ethics Committee: - Discussion and Appropriate Action Related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and the Statement of Investment Performance Statistics for the year ended August 31, 2020* - Discussion and Appropriate Action Related to UTIMCO Board Ratification of Contracts*
11:35 a.m.	11:45 a.m.	10 Report from Risk Committee
11:45 a.m.	11:50 a.m.	11 Report from Cyber Risk Committee
11:50 a.m.	12:05 p.m.	Recess to Executive Session, if required Executive Session: The Board of Directors may convene in Executive Session to consider individual personnel compensation matters, including Report of Compensation Committee Regarding Performance Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2020, pursuant to Section 551.074, <i>Texas Government Code</i> . Reconvene into Open Session
12:05 p.m.	12:10 p.m.	12 Report from Compensation Committee: - Discussion and Appropriate Action Related to Performance Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2020*
12:10 p.m.		Adjourn

* Action by resolution required

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

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

Next Scheduled Meeting: March 11, 2020

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the Meeting of the Board of Directors held on **September 10, 2020**, be, and are hereby, approved.

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

The Board of Directors (the "Board") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") convened in an open meeting on **September 10, 2020**, in person and by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation located at 210 West 7th Street, Suite 1700 in Austin, said meeting having been called by the Chairman, Jeffery D. Hildebrand ("Chairman"), with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the Internet. Participating in the meeting were the following members of the Board:

Jeffery D. Hildebrand
Ray Rothrock
Robert Gauntt
Janet Handley
R. Steven Hicks
Janiece Longoria
Ray Nixon
Clifton L. Thomas, Jr.
James C. "Rad" Weaver

thus constituting a majority and quorum of the Board. Employees of the Corporation attending the meeting were Britt Harris, President, CEO and Chief Investment Officer; Rich Hall, Deputy Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Carolina de Onis, General Counsel; Scott Slayton, Managing Director – Tactical Asset Allocation; Russ Kampfe, Managing Director – Fixed Income; Uzi Yoeli, Managing Director – Risk Management; Tim Jones, Director – Risk Management; and other team members. Other attendees were James B. Milliken, Chancellor of The University of Texas ("UT System") System; David Rejino of The Texas A&M University System; Jerry Kyle of Orrick, Herrington, & Sutcliffe LLP; and Keith Brown of the McCombs School of Business at UT Austin. Chairman Hildebrand called the meeting to order at 9:00 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Minutes

Before moving to approval of the minutes, Chairman Hildebrand welcomed Ms. Carolina de Onis as the Corporation's General Counsel and asked her to introduce herself. After her introduction, the Board moved to the approval of the Minutes of the Board of Directors Meetings held on June 11, 2020. 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 June 11, 2020, be, and are hereby, approved.

Corporate Resolutions

Election of Corporate Officers

Chairman Hildebrand recommended that Michael Dean and Carolina de Onis be appointed as officers of the Corporation. Managing Directors are considered officers of the Corporation and Mr. Dean was appointed Managing Director – Human Resources, effective September 1, 2020. Ms. de Onis was appointed as Managing Director – General Counsel, effective August 31, 2020. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Michael Dean and Carolina de Onis are hereby appointed to the office of Managing Director of the Corporation to serve until the next Annual Meeting of the Corporation or until his or her resignation or removal.

Market Update

Chairman Hildebrand asked Mr. Harris and Mr. Hall to present the Corporation's market update. Mr. Harris briefly recognized the hard work and efforts of the Team that have gone into maintaining productivity during the pandemic. Next, Mr. Hall provided an update on the Corporation's assets under management and performance results as of June 30, 2020. He reported the Corporation had \$49.1 billion of assets under management. He reviewed the market dashboard, economic forecast, and current economic regime. Mr. Hall concluded with a recap of health and real economy issues and government responses. Mr. Hall answered questions from the Directors and turned the presentation over to Mr. Harris who provided an overview of the financial markets going forward. Mr. Harris reviewed the increasing debt cycle and the change in yields during bear markets. He discussed GDP growth during expansions and inflation breakeven. Next, he discussed bonds and the change in yields and duration, and equity risk premium trends. Mr. Harris reviewed index concentration, equities and US dollar outperformance, and the US/China relationship. Mr. Harris concluded with an overview of the outlook on energy and the influence of millennials going forward. Mr. Harris then answered questions from the Board.

Tactical Asset Allocation Presentation

Chairman Hildebrand asked Mr. Slayton to provide an update on UTIMCO's Tactical Asset Allocation ("TAA") activities and progress in 2020. Mr. Slayton began with an introduction to TAA, the team, and the efforts ahead of them. He provided an overview of the global tactical asset allocation framework and development and reviewed the models utilized. Mr. Slayton discussed TAA results, including adding \$23 million to the total endowment so far in 2020. He also reviewed liquidity and noted that August was one of the best in equity performance and tech. Mr. Slayton concluded with a review of leading indicators and noted that the most important take away is that the US and global economy are in the early stages of a new economic expansion being driven by liquidity. Mr. Slayton then took questions from the Board.

Fixed Income Presentation

Chairman Hildebrand asked Mr. Kampfe to provide an update on Fixed Income to the Board. Mr. Kampfe provided a summary on the team's objectives, philosophy, experience, and performance and touched on the priorities going forward. He gave a brief overview of the role of Fixed Income in the endowments and discussed market performance as of June 30, 2020. He made note that despite a once-in-a-century

economic black swan, the portfolio fulfilled its objectives with diversification, liquidity, absolute return, and alpha. Mr. Kampfe discussed attribution and gave a more detailed description of 2020 priorities. Next, he reviewed the portfolio optimization project and the bond market. Mr. Kampfe answered the Directors' questions.

Risk Management Presentation

Chairman Hildebrand asked Uzi Yoeli to lead the presentation on Risk Management. Dr. Yoeli began by introducing the Risk Management Team and their purpose in the Corporation. He reviewed key models and discussed bear market indicators. Next, he discussed the bubble indicator history and the 2020 Risk Management plan. Dr. Yoeli reviewed liquidity management and rebalancing and discussed risk utilization and commitment targets. Dr. Yoeli then turned the presentation over to Dr. Jones who discussed the new risk system and the objectives going forward. Dr. Jones reviewed the Barra timeline and risk dashboard and provided examples for how this will be collaborated across the investment teams. Dr. Yoeli and Dr. Jones answered questions from the Board.

Report from Audit and Ethics Committee

Chairman Hildebrand asked Director Handley to provide a report on behalf of the Audit and Ethics Committee (the "Committee"). Director Handley reported that the Committee met via teleconference on September 3, 2020. The Committee approved the minutes of its June 4, 2020 meeting; received an update on UTIMCO's compliance, reporting, and audit matters for the quarter ended May 31, 2020, including an update on the FY 2020 Action Plan and the report on new contracts of \$250,000 or more entered into since the last Board meeting. The Committee also listened to a presentation of the unaudited financial statements for the Funds for the nine months ended May 31, 2020, and the Corporation for the ten months ended June 30, 2020.

Report from Cyber Risk Committee

Chairman Hildebrand asked Director Rothrock to provide a report from the Cyber Risk Committee. Director Rothrock reported that the Cyber Risk Committee met via teleconference on September 3, 2020. The Cyber Risk Committee approved minutes of its June 4, 2020 meeting and met in Executive Session to receive a report on the Corporation's information resources technology and information security program, including an update on information security metrics and the Ernst & Young recommendations project.

Report from Risk Committee

Chairman Hildebrand asked Director Gauntt to provide a report from the Risk Committee. Director Gauntt reported that the Risk Committee met via teleconference on September 3, 2020. The Risk Committee approved the minutes of its June 4, 2020 meeting and the June 4, 2020 joint meeting with the Policy Committee; received a report on fund compliance matters for the quarter ended May 31, 2020, including a risk dashboard, as well as a review of the quarterly report on the Institutional Compliance Program and the

FY 2020 Action Plan. The Risk Committee also received a market and portfolio risk update and a report on the new risk system.

Report from Compensation Committee

Chairman Hildebrand asked Director Rothrock to provide a report from the Compensation Committee. Director Rothrock reported that the Compensation Committee met via teleconference on September 3, 2020. The Compensation Committee approved the minutes of its June 4, 2020 meeting and met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters.

Report on 2021 Meeting Dates

Chairman Hildebrand presented the 2021 UTIMCO Board Meetings schedule and Committee Meetings schedule.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 11:33 a.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
Jeffery D. Hildebrand,
Chairman, Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Discussion and Appropriate Action Related to Corporate Resolution: Designation of Plan Administrative Committee Member

Developed By: Moeller, Gonzalez

Presented By: Harris

Type of Item: Action required by UTIMCO Board

Description: Mr. Harris will recommend the appointment of Kim Bauer, Senior Director Corporate Accounting, to the Plan Administrative Committee. The Corporation maintains two deferred compensation plans for employees, the UTIMCO 403(b) Tax Sheltered Annuity Plan available to all employees and the UTIMCO 457(b) Deferred Compensation Plan for a select group of management and highly compensated employees (the "Plans"). General administration of the Plans is vested in a Plan Administrative Committee ("Committee") of UTIMCO employees appointed by the UTIMCO Board. Ms. Bauer is actively involved and responsible for the day-to-day administration of the Plans. Mr. Harris, Rich Hall, Mike Dean and Joan Moeller are currently members of the Committee and will remain on the Committee.

Recommendation: Mr. Harris will request that Kim Bauer be designated as a member of the Plan Administrative Committee for both Plans.

Reference: None

RESOLUTION RELATED TO PLAN ADMINISTRATIVE COMMITTEE

RESOLVED, that Kim Bauer, Senior Director be designated as a member of the Plan Administrative Committee, responsible for general administration of both the 403(b) Tax Sheltered Annuity Plan and 457(b) Deferred Compensation Plan of the Corporation.

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: UTIMCO Performance and Market Update

Developed By: Hall

Presented By: Hall

Type of Item: Information Item

Description: Mr. Hall will present a review of UTIMCO's performance, financial markets and global trends.

Reference: *UTIMCO Performance and Market Update* presentation



UTIMCO Performance and Market Update

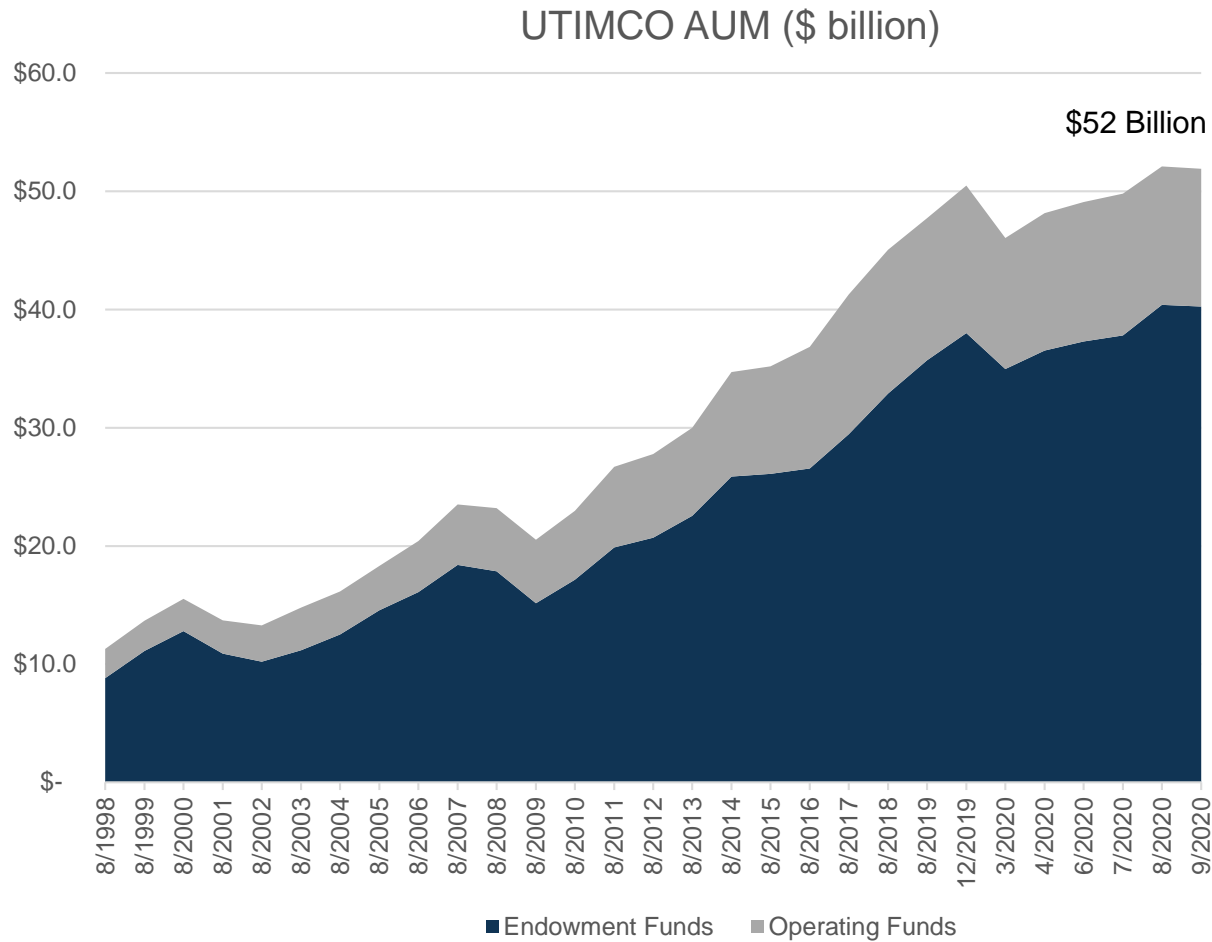
Rich Hall, Deputy Chief Investment Officer

December 10, 2020



Growth in Assets Under Management

Total Assets through September 30, 2020

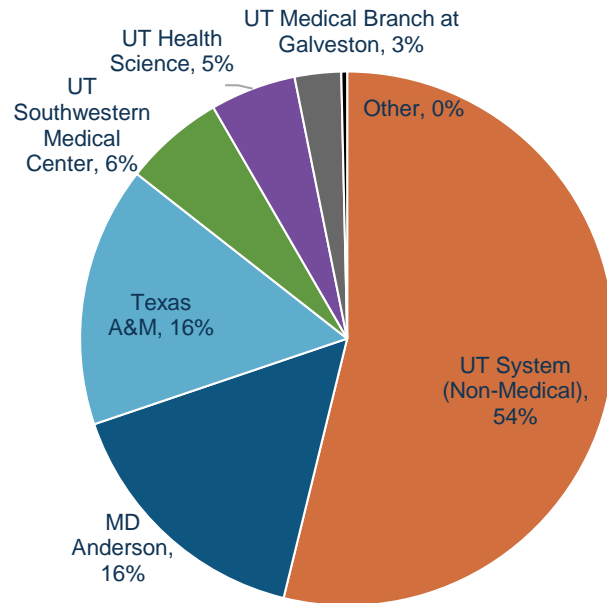


12 Month Change in AUM

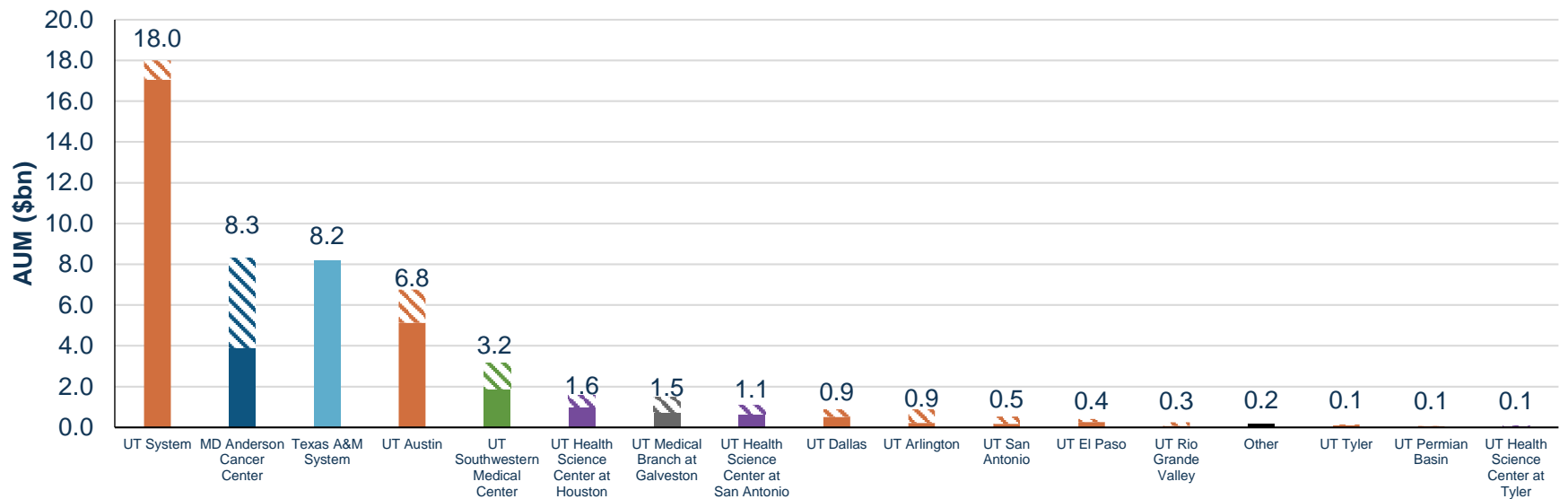
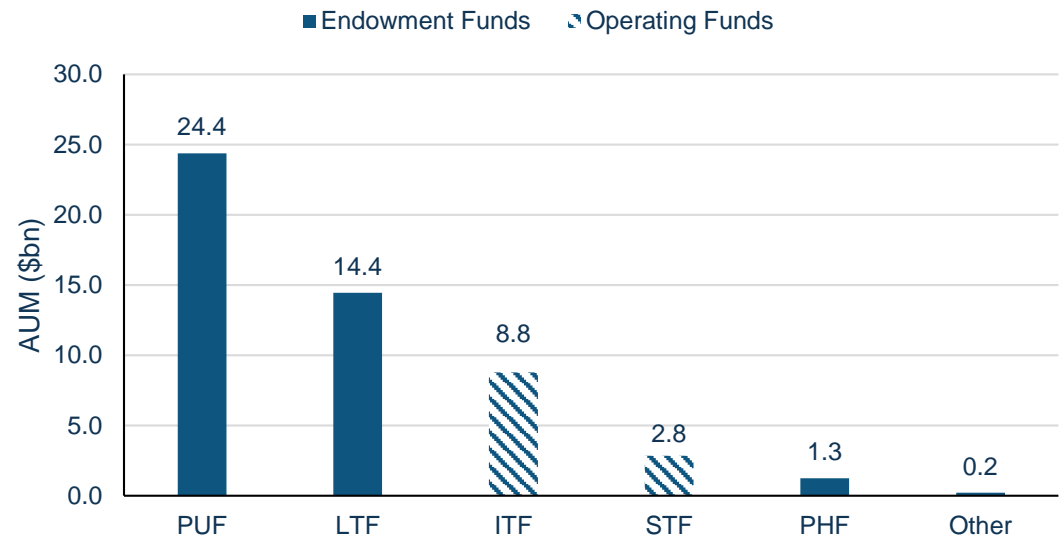
	\$ Billion
Beginning NAV	48.2
Contributions	2.1
Net Investment Income	3.6
Distributions	-2.0
Ending NAV	51.9



AUM by Institution

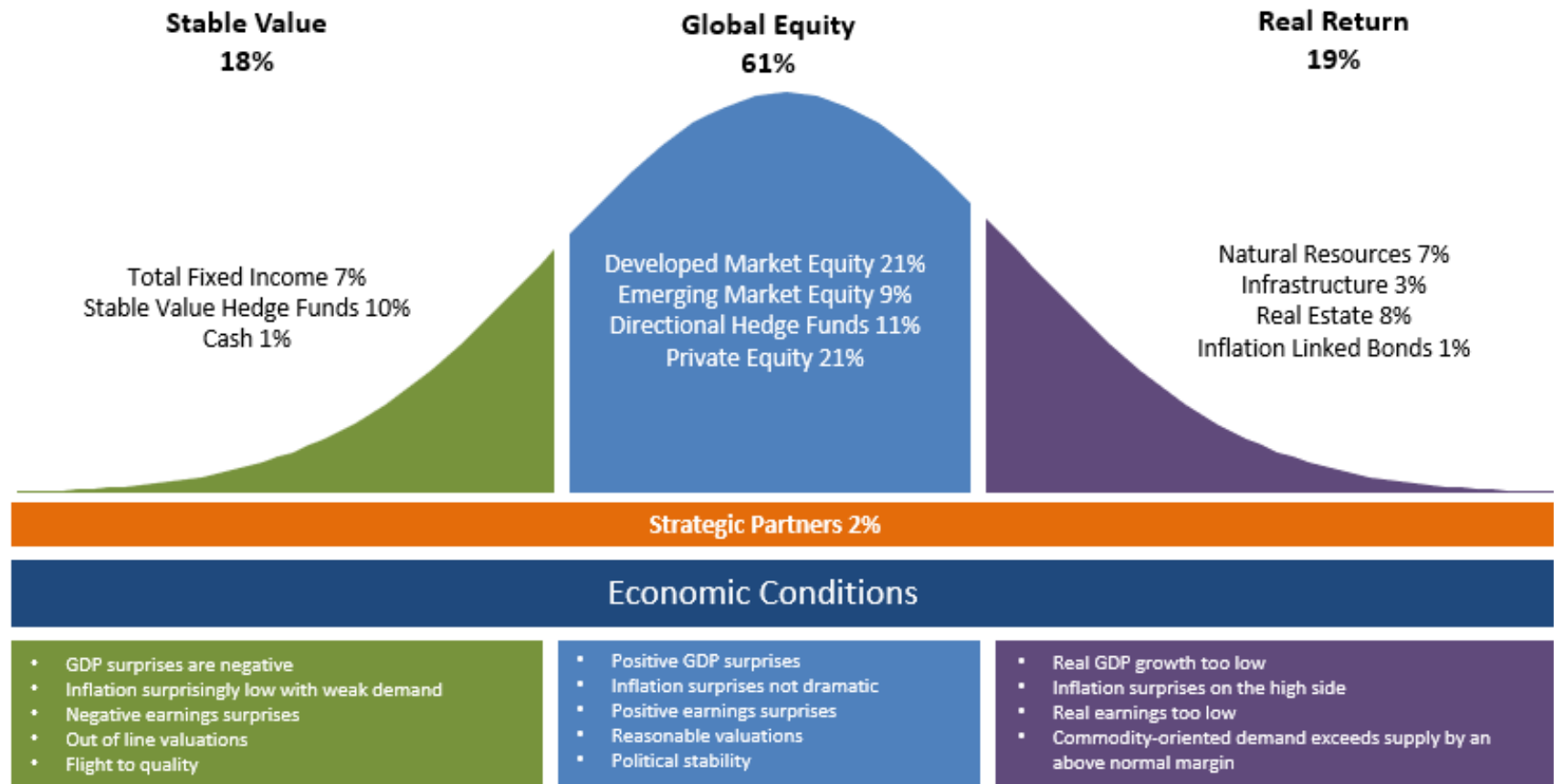


AUM by Fund





UTIMCO Diversification Framework



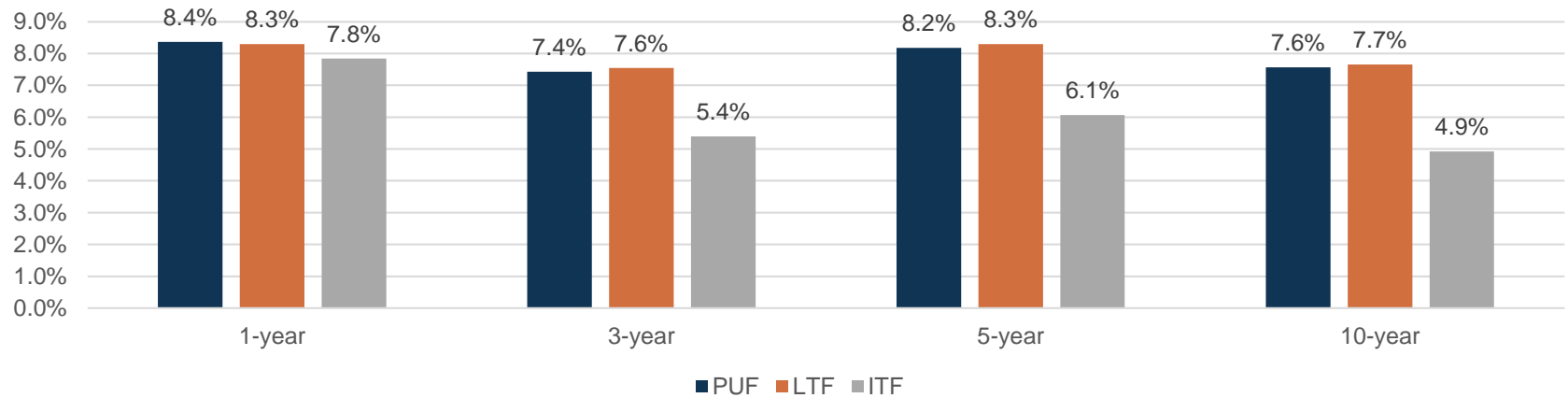
Endowment Policy Targets as of 8/31/20



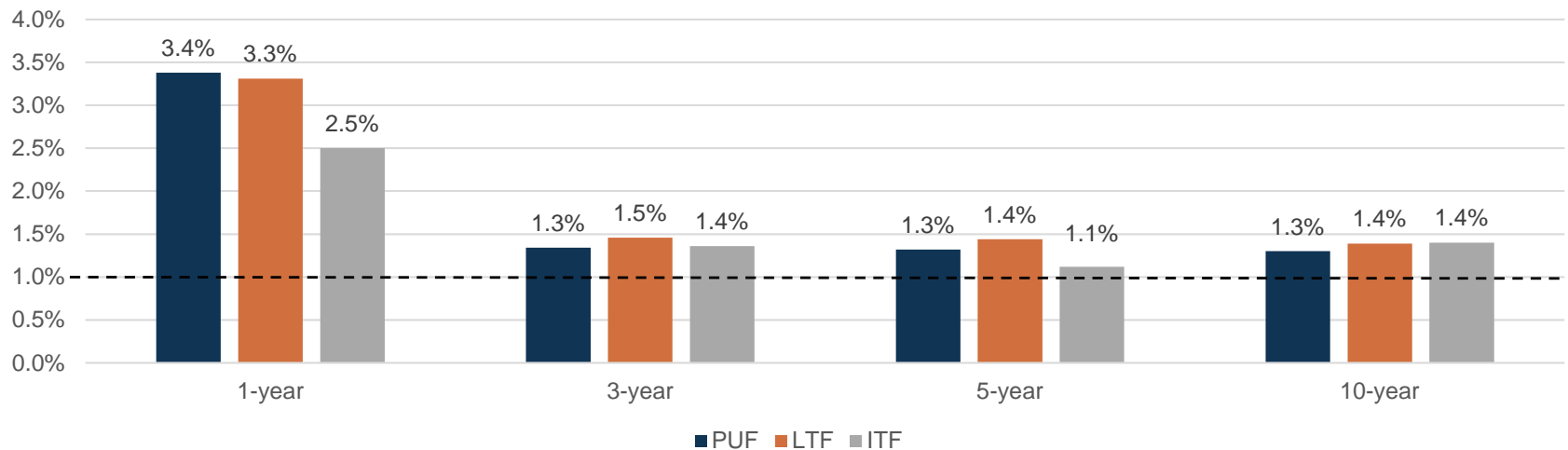
UTIMCO Returns and Alpha

As of September 30, 2020

Total Net Returns



Outperformance vs. Benchmarks





Endowment Returns and Alpha Detail

As of September 30, 2020

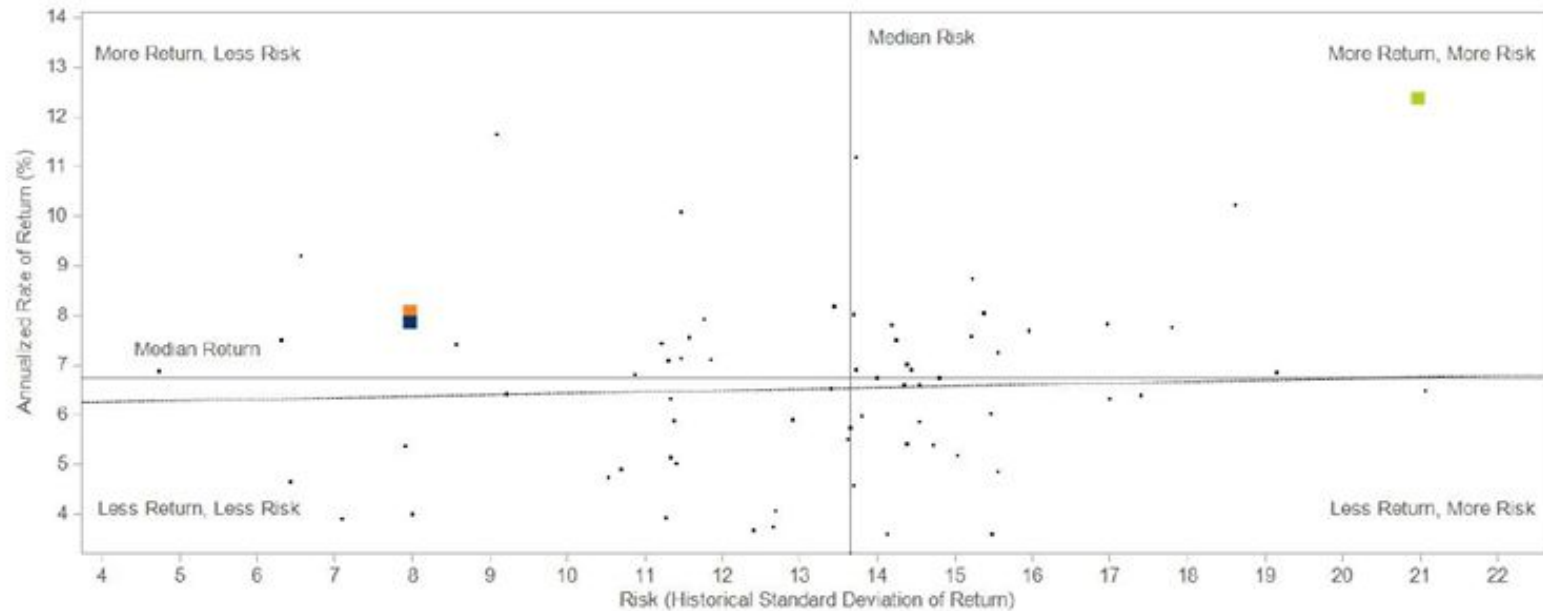
	1-Year		3-Year		Asset Allocation		
	Return	Alpha	Return	Alpha	\$ Invested	% of Fund	Over / (Under)
Public Equity	16.9%	6.4%	8.7%	2.7%	12,578	31.4%	1.2%
Directional Hedge Funds	6.6%	1.6%	5.2%	2.4%	4,107	10.2%	(0.8%)
Total Private Equity	11.8%	2.5%	13.8%	1.6%	8,958	22.3%	-0.1%
Total Global Equity	13.3%	3.5%	9.6%	1.8%	25,643	63.9%	0.3%
Investment Grade Fixed Income	6.4%	2.3%	4.2%	(0.3%)	3,149	7.8%	1.0%
Credit Related Fixed Income	2.1%	(0.8%)	2.2%	(0.5%)	36	0.1%	0.1%
Cash	1.0%	(0.1%)	1.7%	0.0%	281	0.7%	(0.3%)
Stable Value Hedge Funds	5.5%	4.7%	5.9%	3.9%	3,485	8.7%	(1.3%)
Total Stable Value	4.4%	2.1%	3.6%	0.4%	6,950	17.3%	(0.5%)
Inflation Linked Bonds	4.8%	(2.8%)	N/A	N/A	532	1.3%	0.0%
Gold	25.6%	(3.9%)	13.0%	(1.2%)	0	0.0%	0.0%
Natural Resources	(18.4%)	5.4%	(6.5%)	(0.4%)	2,350	5.9%	(0.1%)
Infrastructure	(1.5%)	(4.6%)	8.7%	(0.1%)	1,025	2.6%	(0.2%)
Real Estate - Public	(11.3%)	7.0%	0.3%	1.8%	19	0.1%	0.1%
Total Private Real Estate	(0.3%)	1.7%	9.5%	3.3%	2,550	6.3%	(0.1%)
Total Real Return	-6.0%	2.6%	2.7%	0.8%	6,476	16.2%	-0.3%
Total Strategic Partnerships	N/A	N/A	N/A	N/A	953	2.4%	0.2%
TAA	0.1%	0.0%	0.1%	0.0%	110	0.3%	0.3%
Endowment Total	8.4%	3.4%	7.4%	1.3%	40,132	100.0%	0.0%



Risk / Return

Three Years Ending September 30, 2020

Trust Universe Comparison Service Risk vs Total Returns of Master Trusts - Foundation & Endowment 3 Years Ending September 30, 2020



Alpha: 6.13
Beta: 0.03
R-Squared: 0

	Risk Value	Risk Rank	Return Value	Return Rank
GEF TOTAL FUND	8.03	90	7.97	14
PUF TOTAL FUND	8.04	88	7.77	20
S&P 500	21.03	1	12.28	1
Median	13.65		6.73	

Wilshire Trust Universe Comparison Service (TUCS)

Market Update





Market Dashboard: Year to Date

As of November 30, 2020

Rates

	12/31/2019	Today 11/30/2020	Change
Fed Funds	1.75	0.25	-1.50
5-yr Treasury	1.69	0.36	-1.33
10-yr Treasury	1.92	0.84	-1.08
30-yr Treasury	2.39	1.57	-0.82
Investment Grade Bonds	2.92	1.91	-1.01
High Yield	5.81	5.20	-0.61

Equities

	12/31/2019	11/30/2020	Change
S&P 500	3,231	3,622	14%
Forward P/E	18.3x	22.0x	3.7x
Trailing P/E	21.2x	28.4x	7.2x
Shiller P/E	27.6x	30.5x	2.9x
Forward Earnings Yield	5.5%	4.5%	-0.9%
Europe	416	389	-6%
Japan	1,721	1,755	2%
China (Onshore)	3,050	3,392	11%
Developed: MSCI World	6,910	7,683	11%
Emerging: MSCI EM	528	581	10%
Global: MSCI ACWI	282	314	11%

Inflation

	12/31/2019	11/30/2020	Change
5-yr TIPS	-0.02	-1.35	-1.34
5-yr TIPS Breakeven	1.7	1.7	0.0
10-yr TIPS	0.13	-0.96	-1.09
10-yr TIPS Breakeven	1.8	1.8	0.0

Commodities

	12/31/2019	11/30/2020	Change
Gold	1,517	1,777	17%
Oil	61	45	-26%
Copper	280	342	22%
Bloomberg Commodities Index	172	159	-8%

Source: Bloomberg



Economic Forecasts

As of November 30, 2020

Estimates as of 11/30/20

	Quarterly GDP			GDP			S&P 500 EPS			Unemployment			Core PCE		
	Q4	Q1	Q2	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
AGMR	6.1%	8.4%	10.3%	-0.8%	7.0%		\$123	\$182		6.0%	4.2%		1.9%	1.8%	
Barclays	6.0%	0.0%	5.0%	-3.4%	4.3%	3.5%	\$142	\$173		6.5%	5.0%	4.5%	1.4%	1.5%	1.7%
BofA	4.0%	1.0%	7.0%	-3.5%	4.5%	3.0%	\$138	\$165		6.5%	5.1%	4.7%	1.4%	1.6%	1.8%
Citi	5.7%	5.8%	5.1%	-3.4%	5.1%		\$137	\$167		7.2%	6.2%		1.5%	1.9%	
Credit Suisse	1.3%	0.7%	4.8%	-3.7%	3.6%		\$140	\$168	\$190	7.0%	6.2%		1.4%	1.7%	
Goldman	3.2%	1.0%	9.5%	-3.6%	5.0%	4.1%	\$136	\$175	\$195	6.9%	5.3%	4.8%	1.4%	1.6%	1.7%
ISI	8.0%	3.0%	10.0%	-2.5%	6.2%		\$141	\$177							
JP Morgan	2.8%	-1.0%	4.5%	-3.6%	3.3%		\$136	\$178	\$200	7.1%	5.6%		1.4%	1.7%	
Morgan Stanley	4.8%	4.5%	8.6%	-3.5%	5.9%	4.1%	\$138	\$175	\$193	6.7%	5.1%	4.0%	1.5%	1.9%	2.1%
UBS	2.9%	2.6%	3.9%	-2.8%	3.9%	3.8%	\$139	\$172	\$195	6.6%	4.8%	3.7%	1.4%	1.4%	1.7%
Median	4.4%	1.8%	6.1%	-3.5%	4.8%	3.8%	\$138	\$174	\$195	6.7%	5.1%	4.5%	1.4%	1.7%	1.7%
Average	4.5%	2.6%	6.9%	-3.1%	4.9%	3.7%	\$137	\$173	\$195	6.7%	5.3%	4.3%	1.5%	1.7%	1.8%



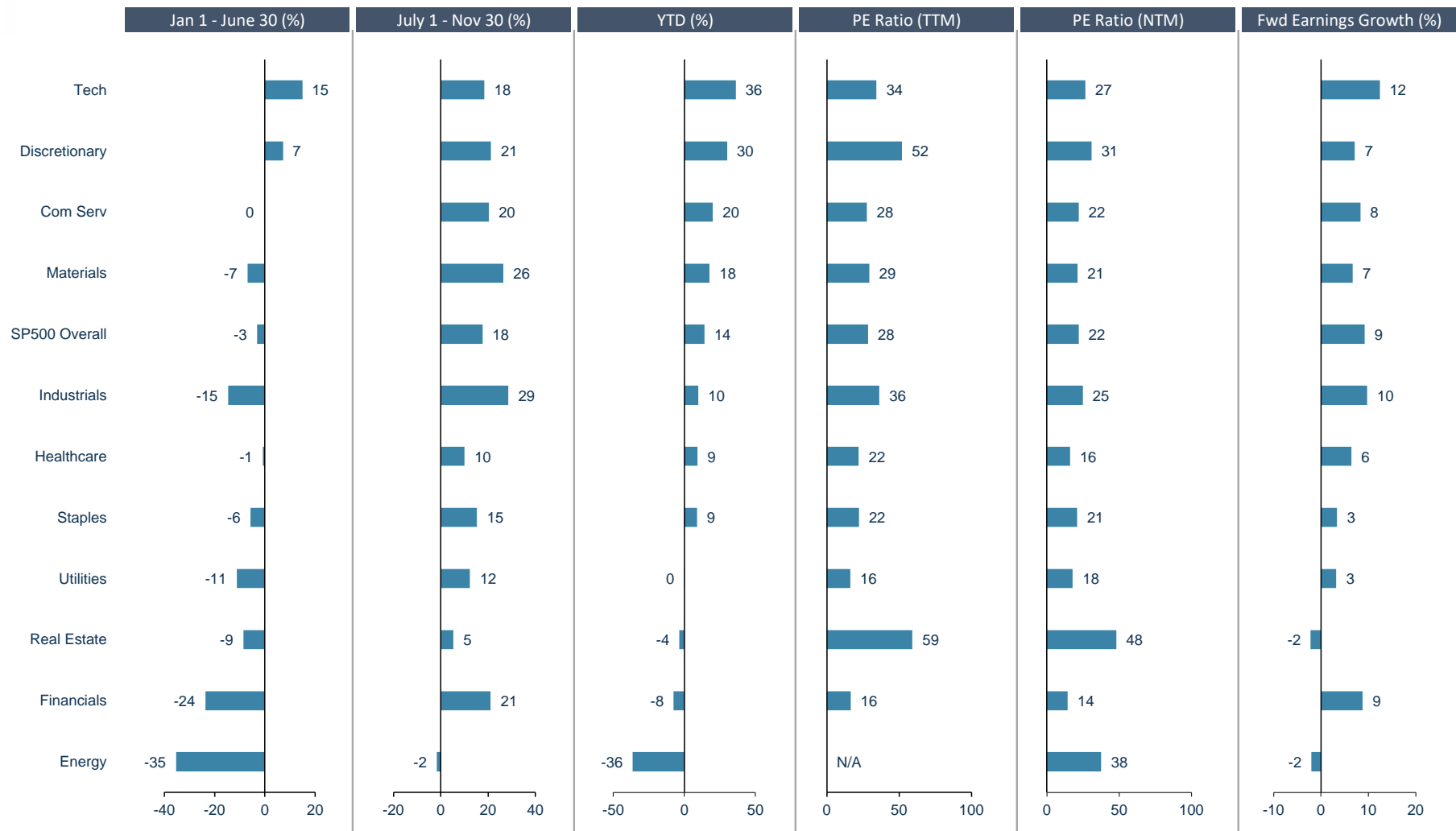
Economic Forecasts

Median Over Time

	Quarterly GDP			GDP			S&P 500 EPS			Unemployment			Core PCE		
	Q4	Q1	Q2	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
11/30/2020	4.4%	1.8%	6.1%	-3.5%	4.8%	3.8%	\$138	\$174	\$195	6.7%	5.1%	4.5%	1.4%	1.7%	1.7%
11/20/2020	4.3%	3.3%	5.1%	-3.5%	4.8%	3.7%	\$137	\$168	\$194	6.6%	5.6%	4.6%	1.4%	1.7%	1.7%
11/13/2020	3.8%	4.3%	4.8%	-3.5%	4.7%	3.0%	\$130	\$164		6.6%	5.7%	4.7%	1.4%	1.7%	1.7%
11/6/2020	3.5%	4.3%	4.8%	-3.6%	4.8%	3.1%	\$130	\$164		7.2%	5.6%	4.9%	1.4%	1.7%	1.7%
10/30/2020	3.3%			-3.5%	4.8%		\$130	\$164		7.5%	6.0%		1.5%	1.8%	
10/23/2020	3.3%			-3.5%	4.7%		\$130	\$164		7.5%	5.6%		1.5%	1.8%	
10/16/2020	3.3%			-3.6%	4.7%		\$130	\$164		7.5%	5.6%		1.5%	1.8%	
10/9/2020	3.3%			-3.6%	4.7%		\$130	\$164		7.5%	5.6%		1.5%	1.8%	
10/2/2020	3.3%			-3.6%	4.7%		\$130	\$165		7.6%	5.6%		1.4%	1.7%	
9/25/2020	4.8%			-4.0%	5.1%		\$129	\$163		7.8%	5.6%		1.4%	1.7%	
9/18/2020	6.3%			-3.9%	5.2%		\$129	\$163		7.7%	5.6%		1.4%	1.7%	
9/11/2020	6.3%			-4.0%	5.1%		\$125	\$160		7.7%	5.6%		1.4%	1.7%	
9/4/2020	5.8%			-4.3%	4.2%		\$128	\$158		8.0%	6.2%		1.4%	1.6%	
8/28/2020	5.9%			-4.3%	4.2%		\$128	\$158		9.0%	6.5%		1.4%	1.6%	
8/21/2020	6.3%			-5.2%	4.2%		\$125	\$155		9.0%	6.5%		1.4%	1.6%	
8/14/2020	6.3%			-5.2%	3.5%		\$125	\$155		9.0%	6.5%		1.4%	1.5%	
8/7/2020	6.3%			-5.2%	3.5%		\$125	\$155		9.0%	6.5%		1.1%	1.4%	
7/31/2020	6.3%			-5.2%	3.8%		\$120	\$155		9.0%	6.5%		1.2%	1.4%	
7/24/2020	7.0%			-5.2%	4.6%		\$120	\$155		9.0%	6.7%		1.1%	1.4%	
7/17/2020	7.0%			-5.0%	4.6%		\$120	\$155		9.0%	6.7%		1.1%	1.4%	
7/10/2020	7.3%			-5.2%	4.6%		\$120	\$155		9.0%	6.7%		1.1%	1.3%	
7/2/2020	7.3%			-5.2%	4.6%		\$120	\$155		9.5%	6.9%		1.1%	1.3%	
6/26/2020	7.5%			-5.2%	4.3%		\$120	\$155		9.5%	7.4%		1.1%	1.3%	
6/19/2020	7.5%			-5.2%	4.3%		\$120	\$153		9.5%	7.3%		1.0%	1.4%	
6/12/2020	10.5%			-5.0%	4.7%		\$125	\$153		9.5%	7.8%		1.1%	1.2%	
6/5/2020	10.5%			-5.4%	4.7%		\$125	\$150		11.0%	8.0%		1.3%	1.3%	
5/29/2020	10.5%			-6.0%	4.8%		\$125	\$150		11.0%	8.1%		1.3%	1.3%	
5/22/2020	10.0%			-6.4%	5.0%		\$125	\$153		11.0%	8.0%		1.3%	1.3%	
5/15/2020	10.5%			-6.0%	5.3%		\$125	\$153		11.0%	8.0%		1.3%	1.4%	
5/8/2020	11.0%			-6.2%	5.3%		\$125	\$153		9.3%	6.9%		1.4%	1.5%	
5/1/2020	10.7%			-5.7%	5.3%		\$125	\$153		9.0%	6.8%		1.4%	1.5%	
4/24/2020	11.0%			-5.9%	5.5%		\$125	\$153		8.6%	6.8%		1.4%	1.5%	
4/17/2020	11.0%			-5.9%	5.5%		\$125	\$153		8.3%	6.4%		1.4%	1.5%	
4/10/2020	8.2%			-4.9%	5.3%		\$125	\$155		7.6%	6.4%		1.5%	1.7%	
4/5/2020	9.4%			-5.3%	5.3%		\$125	\$150		3.7%	3.9%		1.7%	1.9%	
3/23/2020	4.0%			-1.0%	2.7%		\$148	\$168		3.7%	3.8%		1.7%	1.9%	

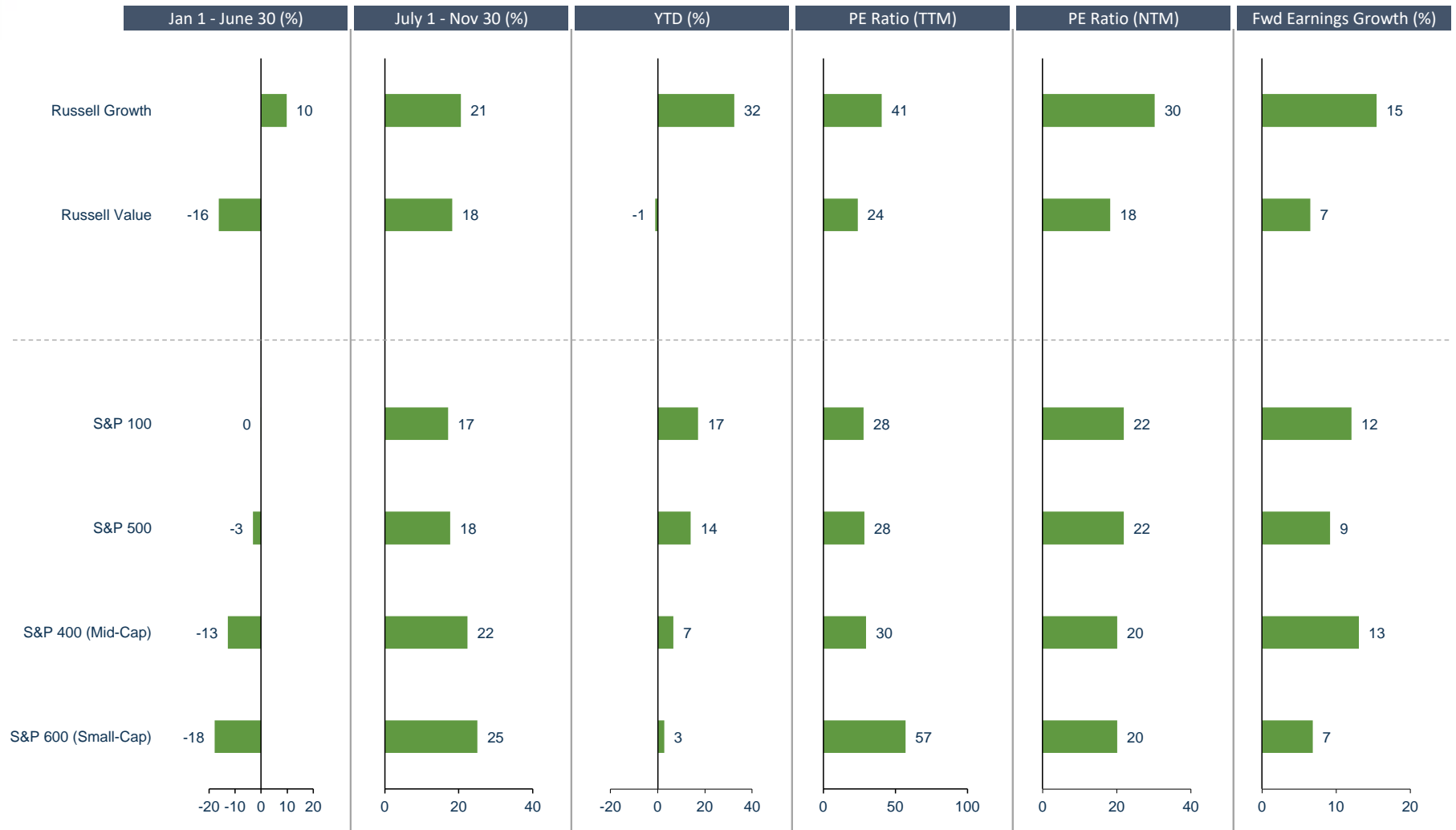


Sector Return Dispersion





Market Cap & Style Return Dispersion



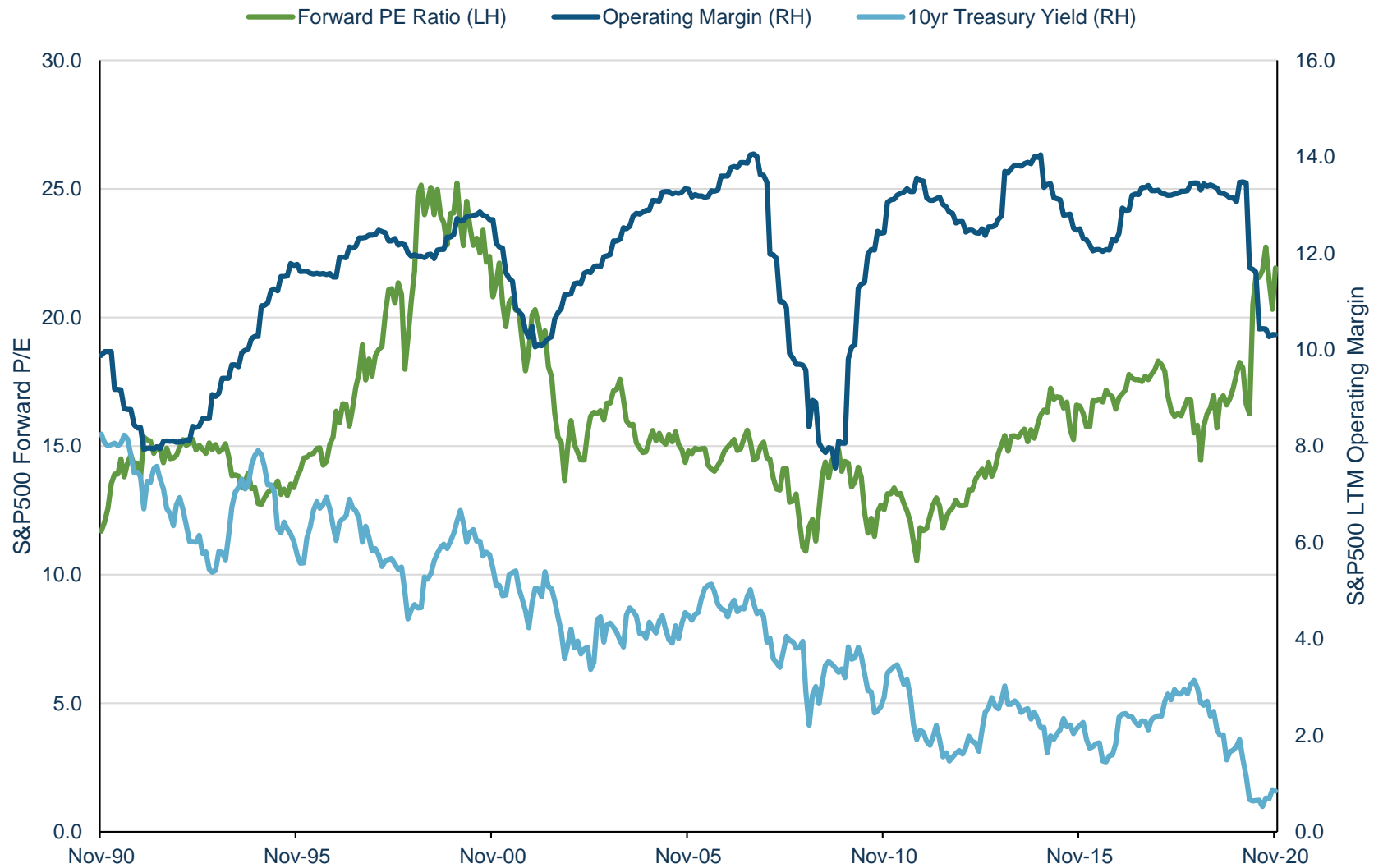


Country Return Dispersion





P/E vs. Operating Margin



Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: CEO Macro Insights Report

Developed By: Harris

Presented By: Harris

Type of Item: Information Item

Description: Mr. Harris will present an overview on macro trends.

Reference: *CEO Macro Insights* presentation



CEO Macro Insights

Britt Harris, CEO, Chief Investment Officer, President

December 10, 2020



Source: Mauldin Economics



Covid-19: Latest Cases/Death Count (World)

AS OF DECEMBER 3, 2020

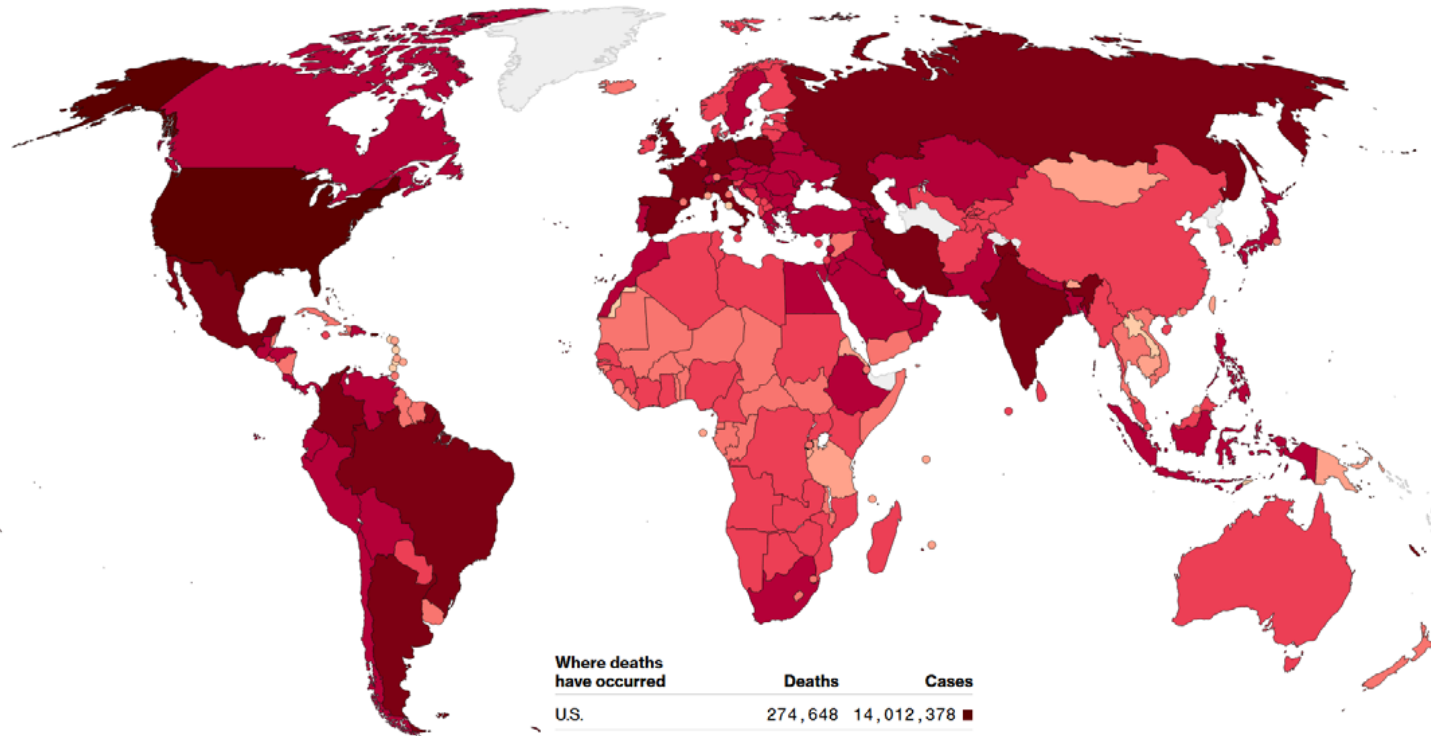
64,918,413 **1,501,076**

Confirmed cases worldwide

Deaths worldwide

Jurisdictions with cases confirmed as of December 3, 2020, 1:26 PM CST

■ 1-99 ■ 100-999 ■ 1,000-9,999 ■ 10,000-99,999 ■ 100,000-999,999 ■ 1,000,000-9,999,999 ■ 10 million or more



Where deaths have occurred	Deaths	Cases
U.S.	274,648	14,012,378 ■
Brazil	174,515	6,436,650 ■
India	138,648	9,534,964 ■
Mexico	107,565	1,133,613 ■
U.K.	60,210	1,678,410 ■
Italy	58,038	1,664,829 ■
France	54,230	2,310,089 ■

Source: Bloomberg



Covid-19: Latest Cases/Death Count (US)

AS OF DECEMBER 3, 2020

14,012,378

Confirmed cases in U.S.

274,648

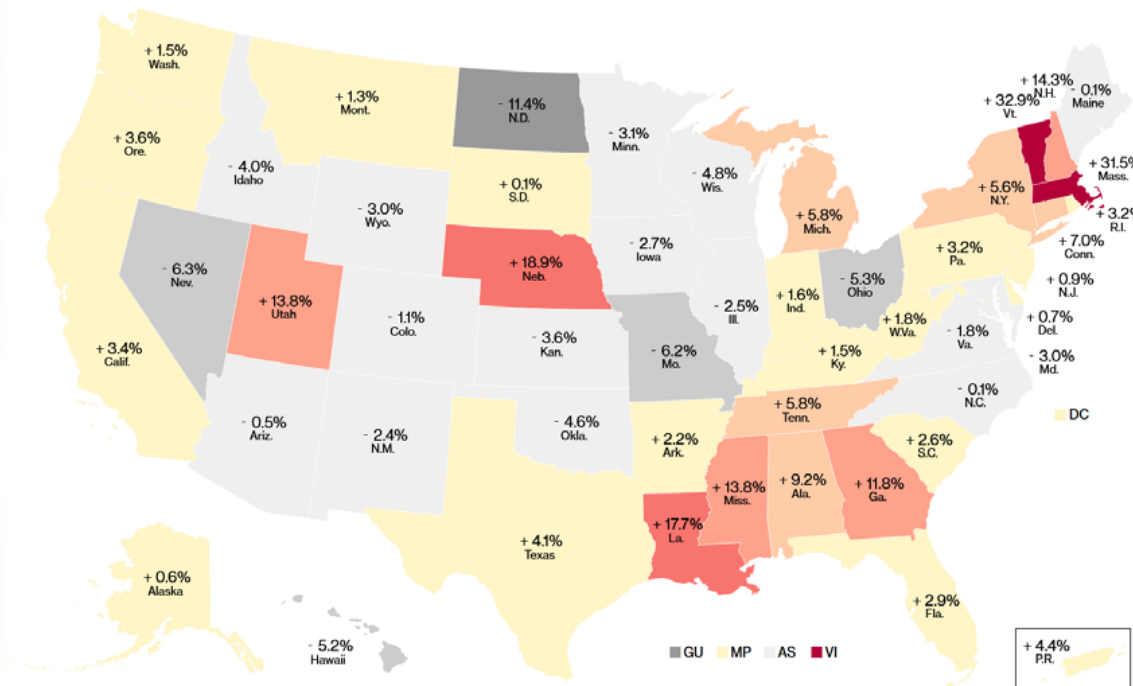
Deaths in U.S.

Covid-19 in the U.S. by State and Territory

As of December 3, 2020, 1:30 PM CST

■ Decreasing by more than 10% ■ 5-10 ■ 0-5 ■ Increasing 0-5% ■ 5-10 ■ 10-15 ■ 15-20 ■ 20-25 ■ 25% or more

Change in daily new cases | ...in daily death count | Cases | Deaths



State or Territory	Deaths	Cases	Daily Change
New York	34,726	664,238	+ 5.6%
Texas	22,347	1,270,537	+ 4.1%
California	19,467	1,271,722	+ 3.4%
Florida	18,776	1,018,160	+ 2.9%
New Jersey	17,209	350,999	+ 0.9%
Illinois	13,624	759,562	- 2.5%
Pennsylvania	10,858	391,856	+ 3.2%
Massachusetts	10,824	234,232	+ 31.5%
Michigan	9,842	402,886	+ 5.8%
Georgia	9,567	482,139	+ 11.8%
Arizona	6,739	340,979	- 0.5%
Ohio	6,671	437,928	- 5.3%
Louisiana	6,524	244,078	+ 17.7%
Indiana	6,033	359,430	+ 1.6%
North Carolina	5,410	377,231	- 0.1%

Source: Bloomberg

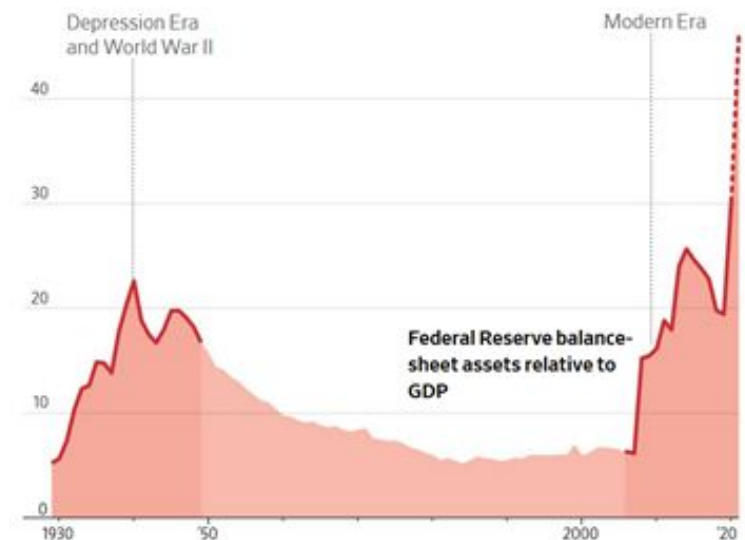


Massive Monetary and Fiscal Stimulus



Uncharted Territory

The Fed's portfolio of bonds, loans and new programs will swell to \$8 trillion-\$11 trillion, economists estimate.



Source: Bloomberg



**Pandemic Poetry:
A Modern View on the New World**

by Britt Harris

Less globalization
Rapid deurbanization
Changed college education
Supply chain diversification
Government exploitation
Human reclassification
Labor automation
Biased communication
Company consolidation
Customer determination
Technological domination
Common sense alteration
Deficit reconsideration
Chinese acceleration
Racial celebration
US calcification
Spiritual confirmation
ESG sanctification
Growth decimation
Energy annihilation
Corporate recrimination
Health care magnification
Political fragmentation
Potential devastation?
Our modern deliberation



A Look Ahead

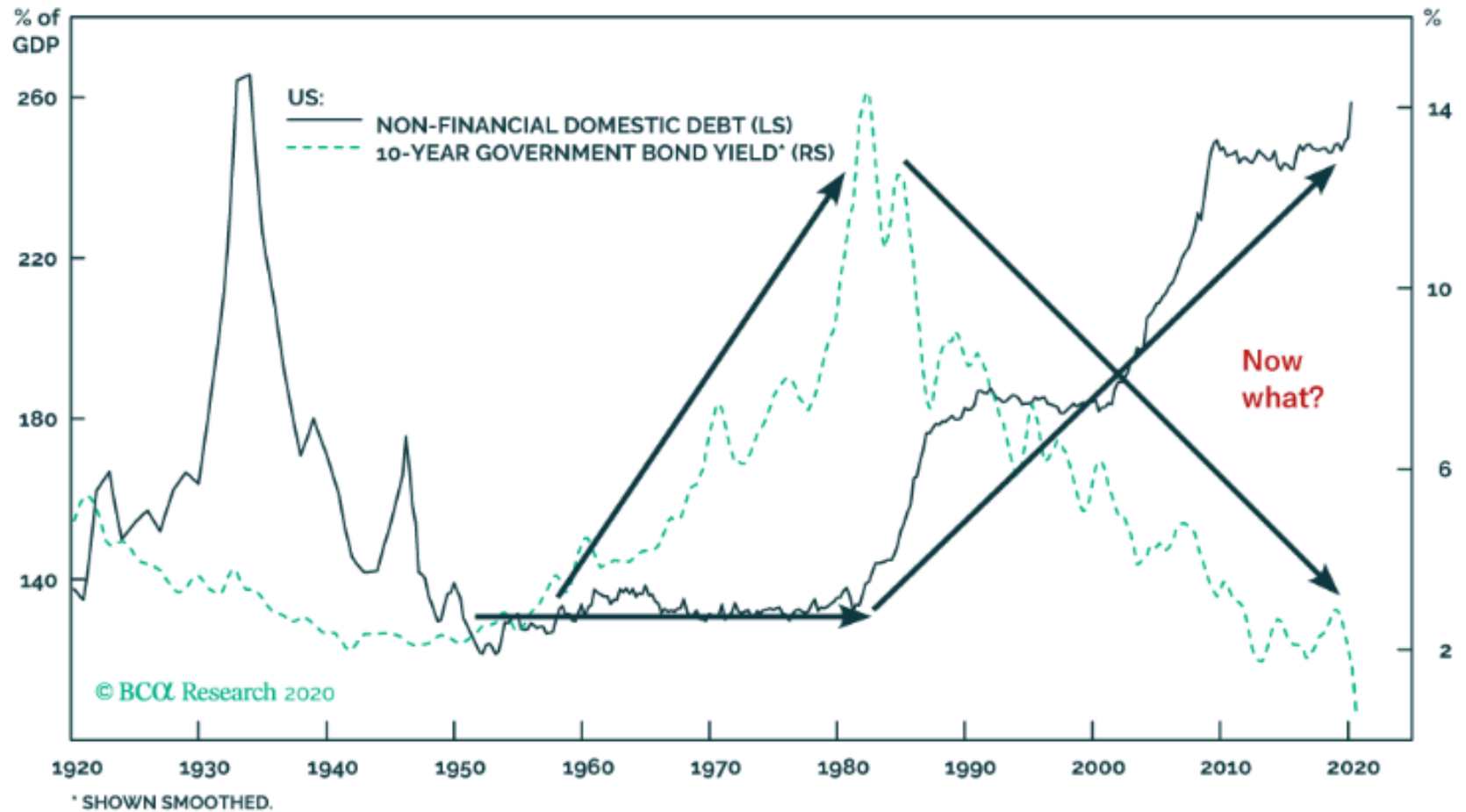
- We must have renewed growth and productivity (vs. a great reset)
- The path and politics of ESG and inequality
- Democracy or autocracy
- Globalization, trade and resiliency
- Bitcoin, bonds, buildings and business models
- Humans and machines
- Trust
- Returns
- Organizational requirements

Renewed Growth and Productivity: Must Haves





US Long Term Debt Super Cycle



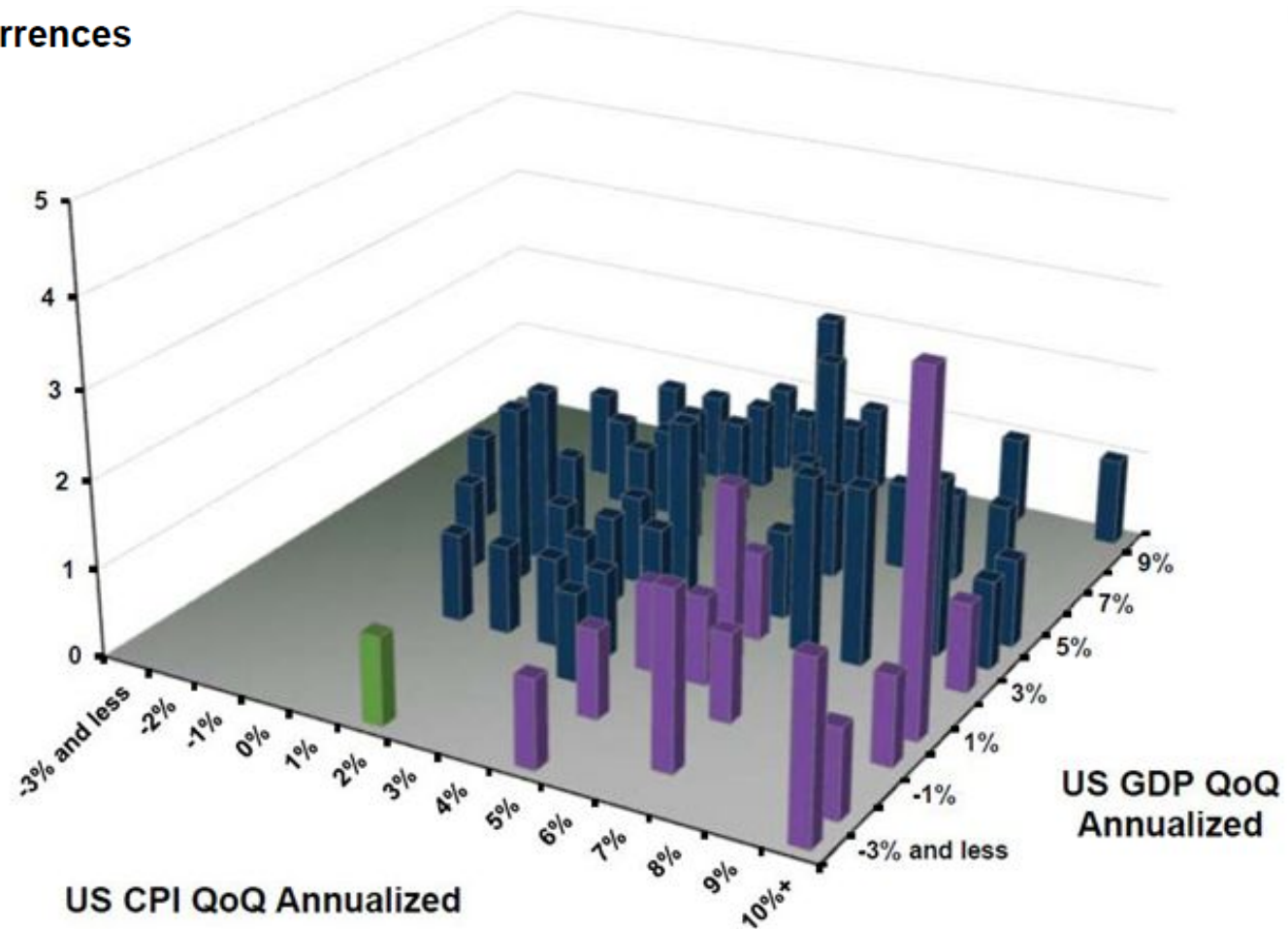
Source: BCA Research



Portfolio Resilience: End of an Era

1960 - 1980

Occurrences

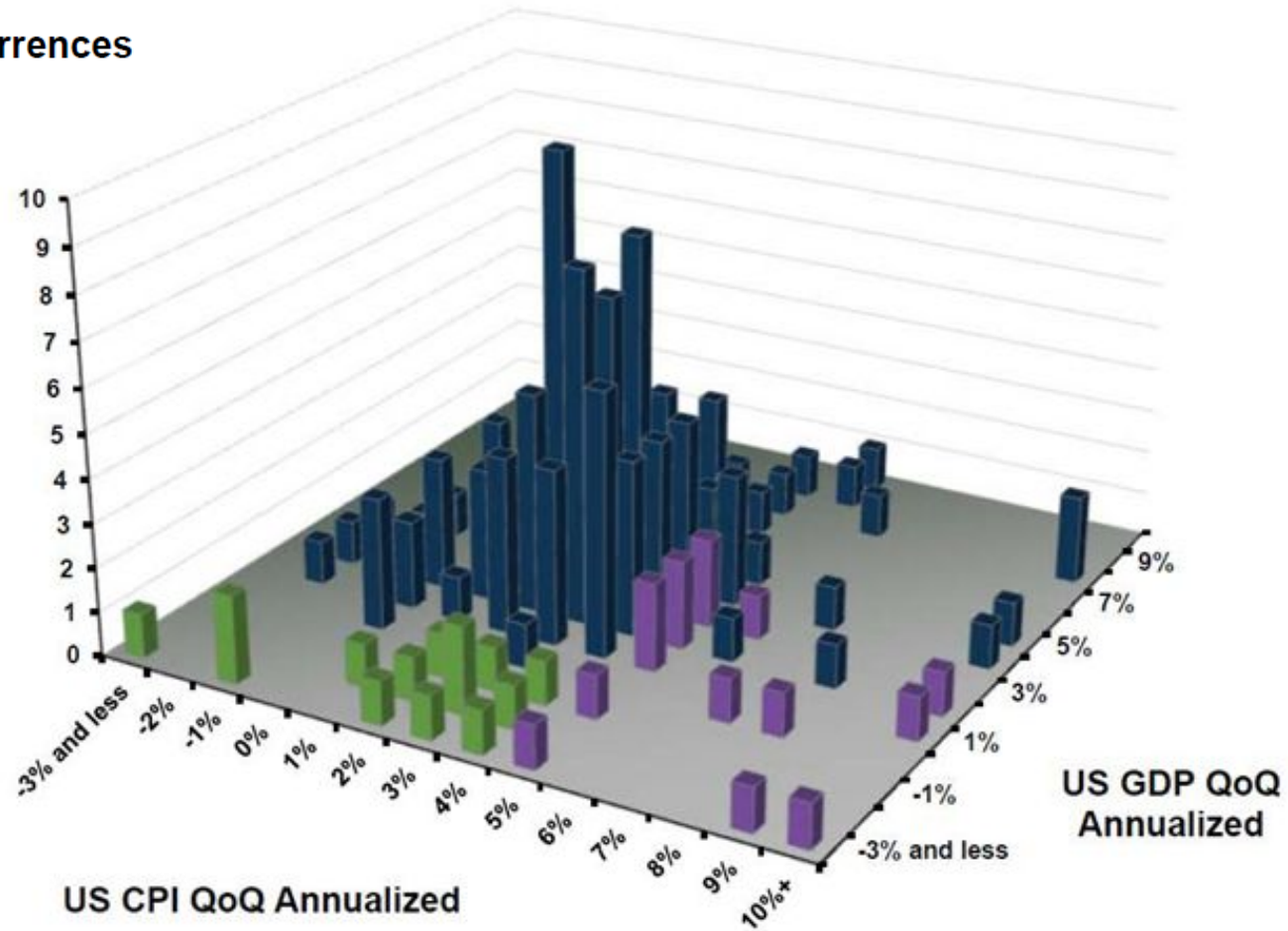




Portfolio Resilience: End of an Era

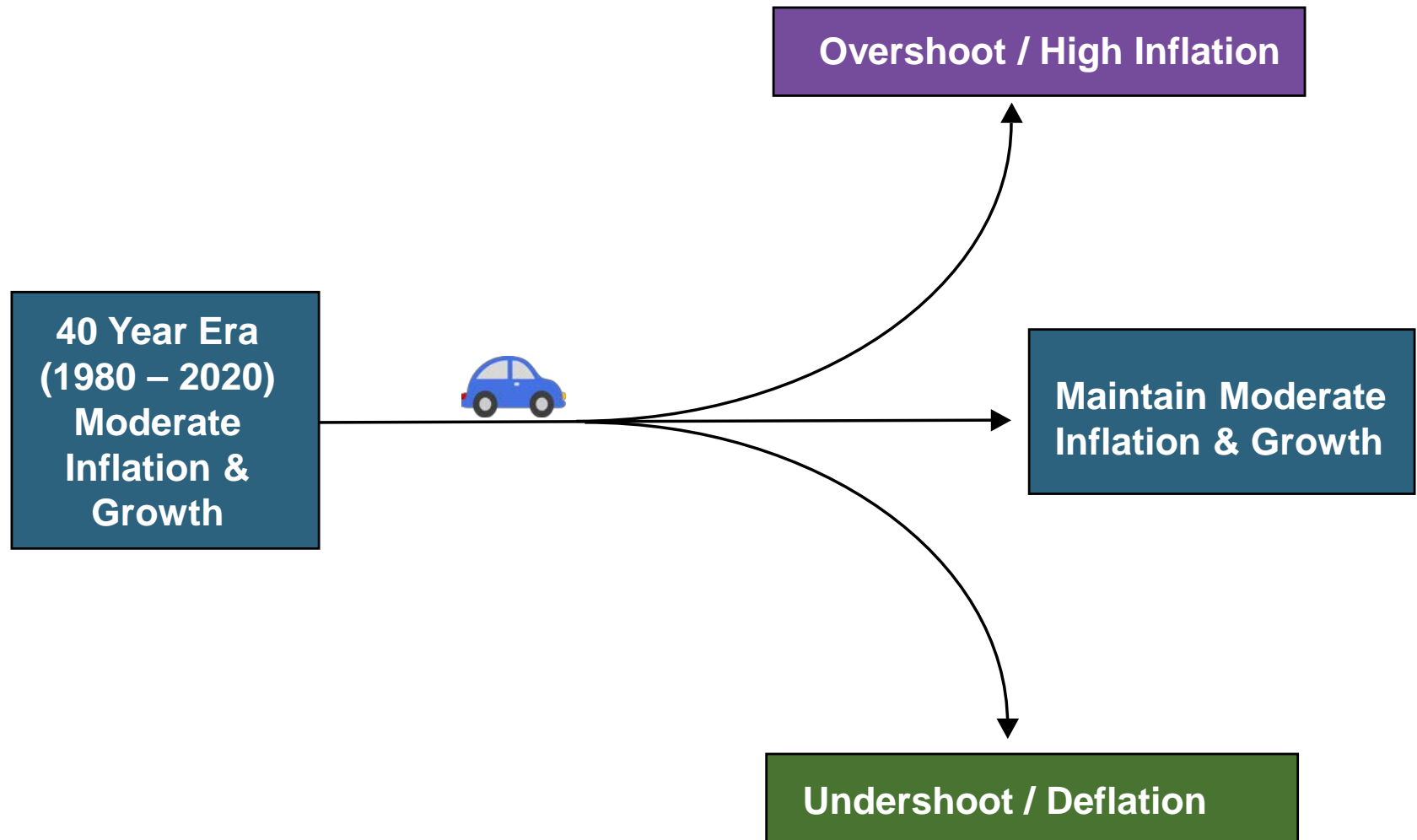
1980 - 2020

Occurrences





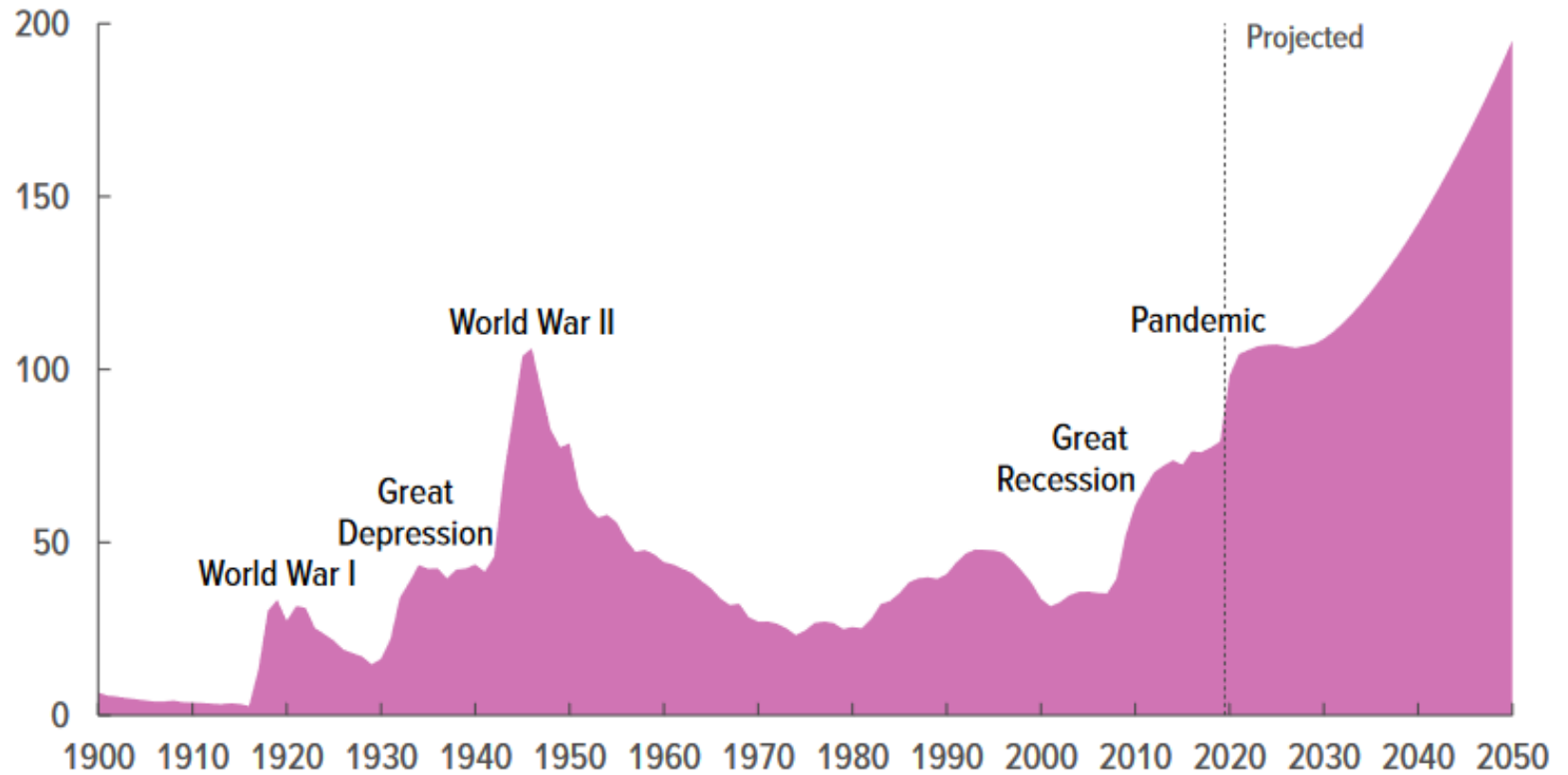
Portfolio Resilience: End of an Era





Rising Debt Levels

Percentage of Gross Domestic Product



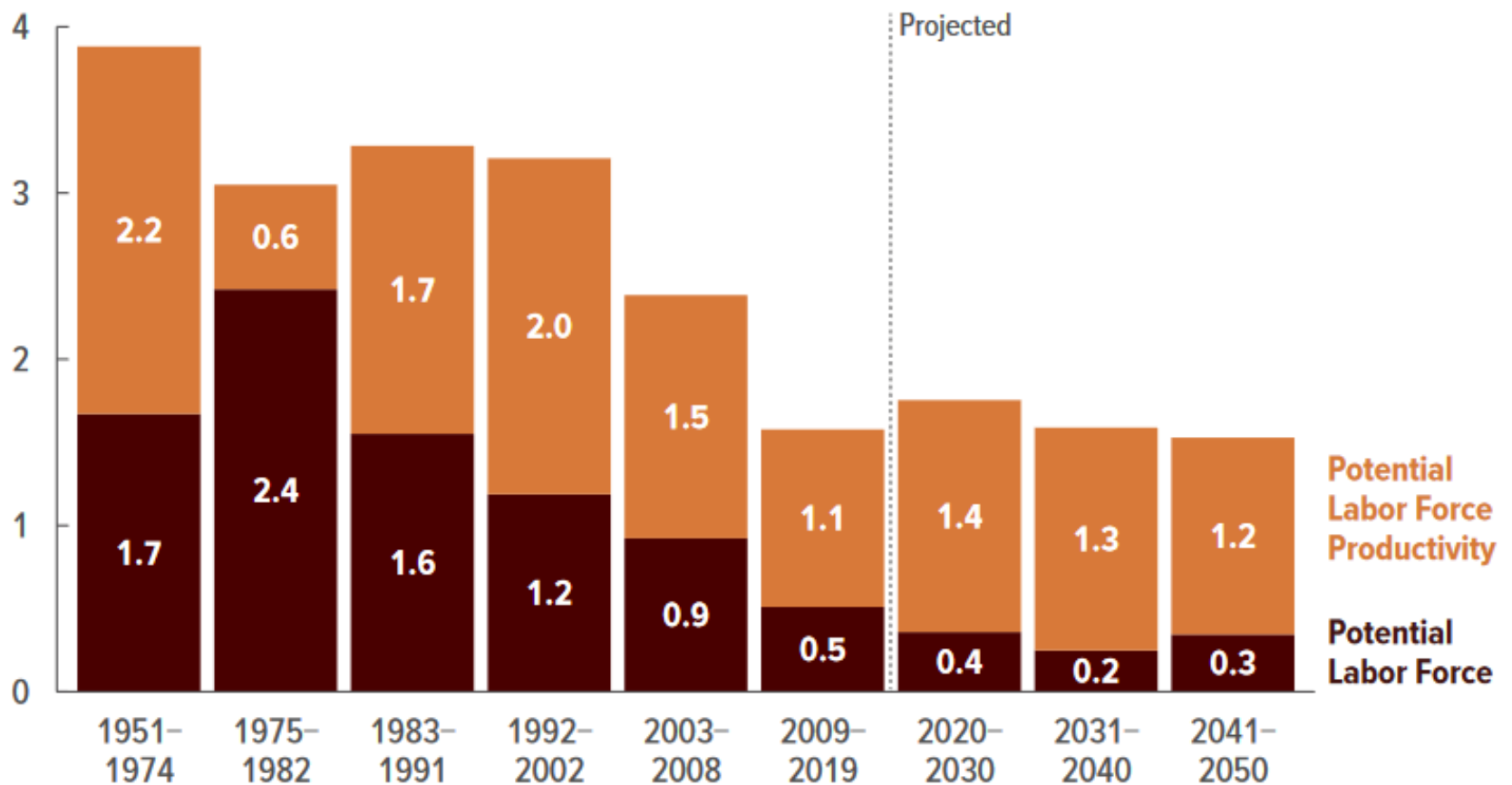
Source: CBO



Falling Expected Growth

Average Annual Growth of Real Potential GDP

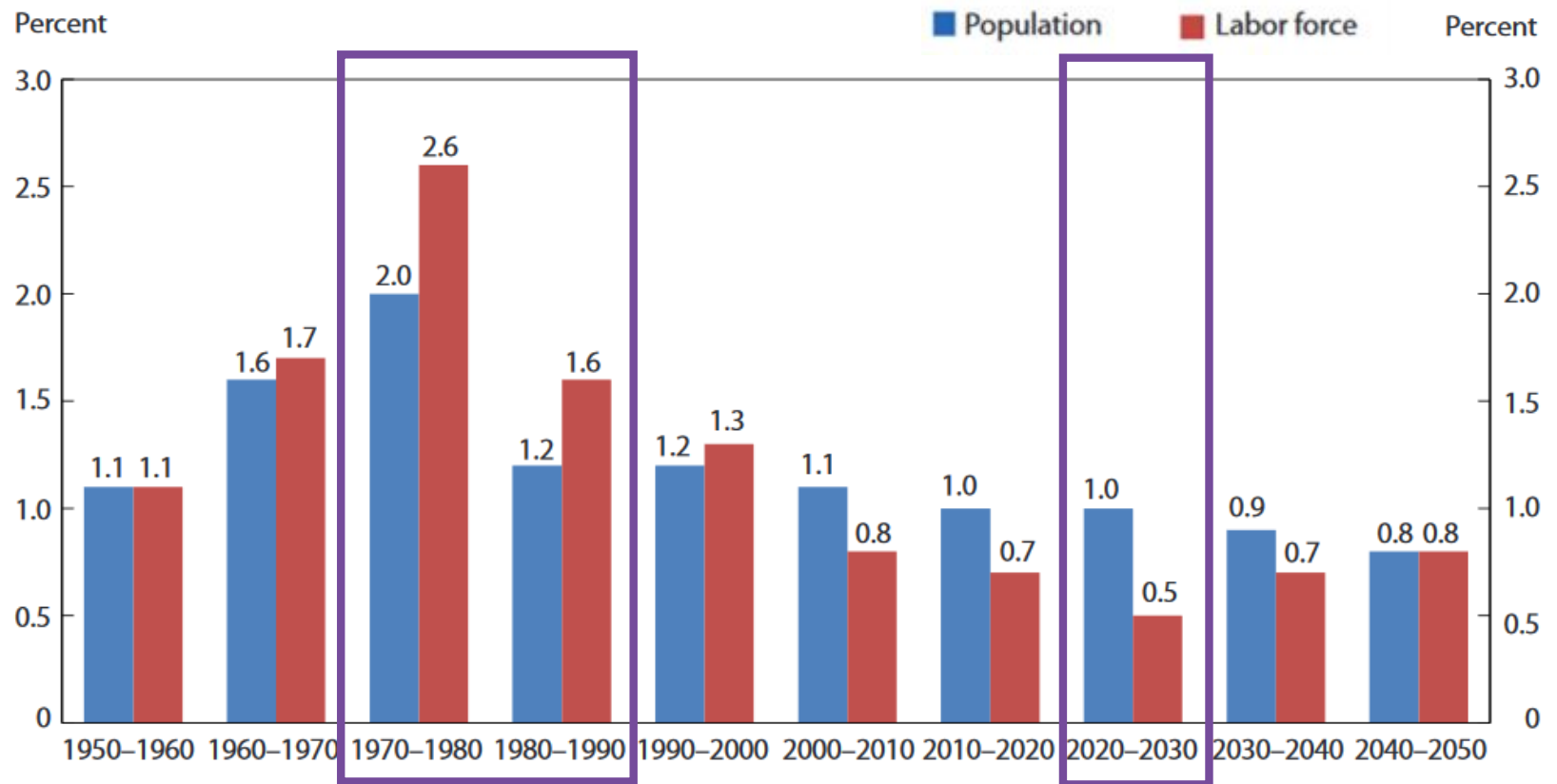
Percent



Source: Forbes



1980-2020: Labor Force Growth > Pop. Growth



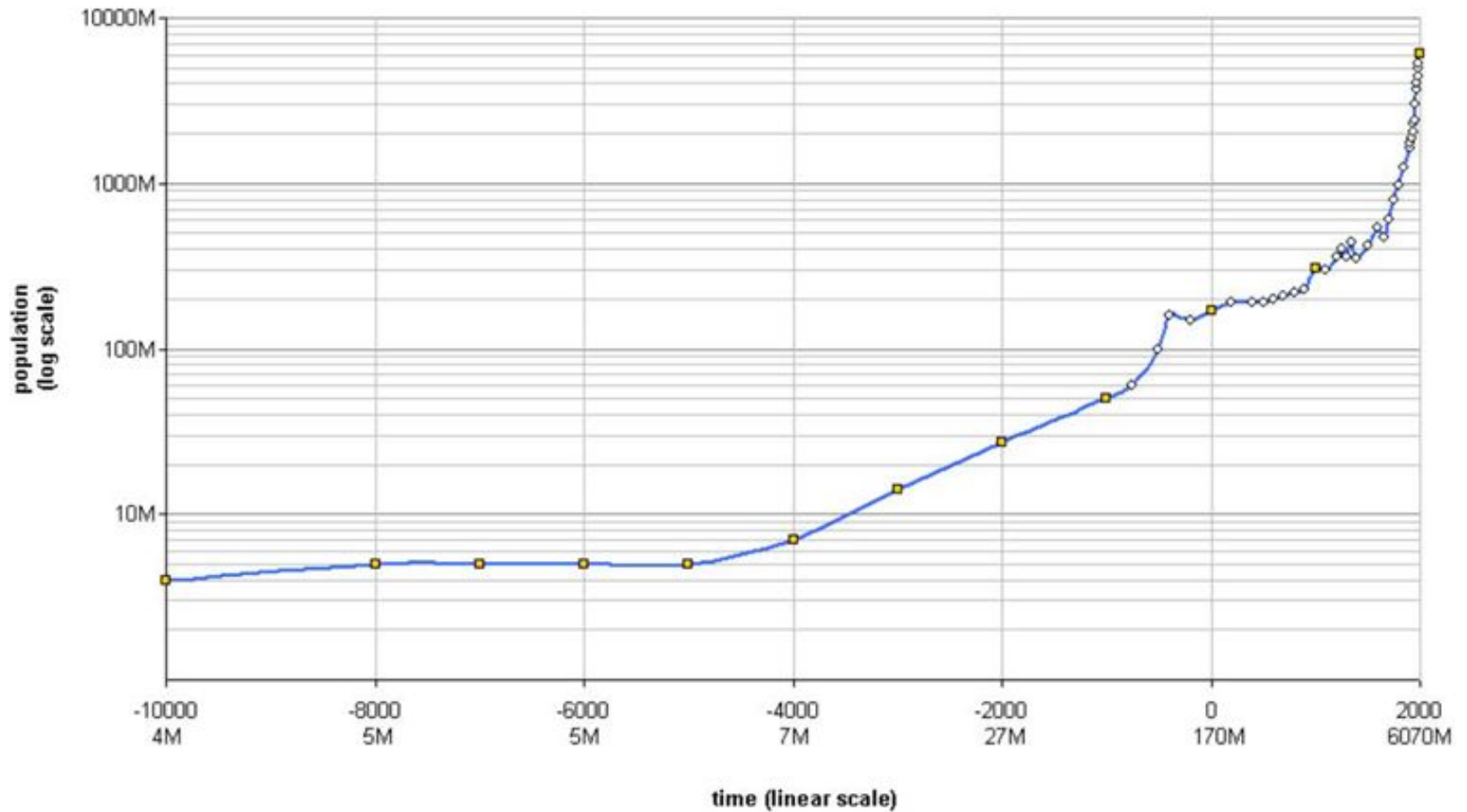
Source: BLS

Path and Politics of ESG and Inequality





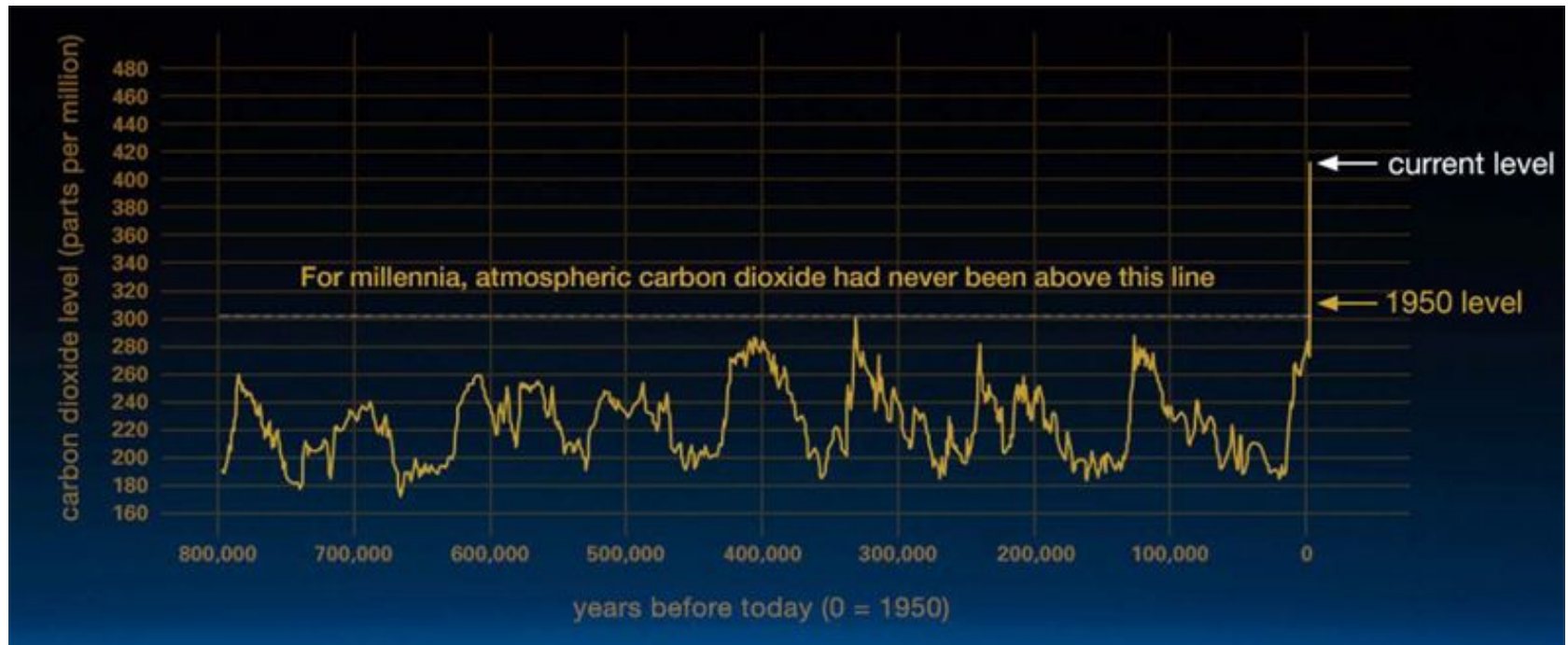
Exponential Population Growth During Period of Stable Climate



Source: Wikipedia



Carbon Dioxide Levels Last 800,000 Years

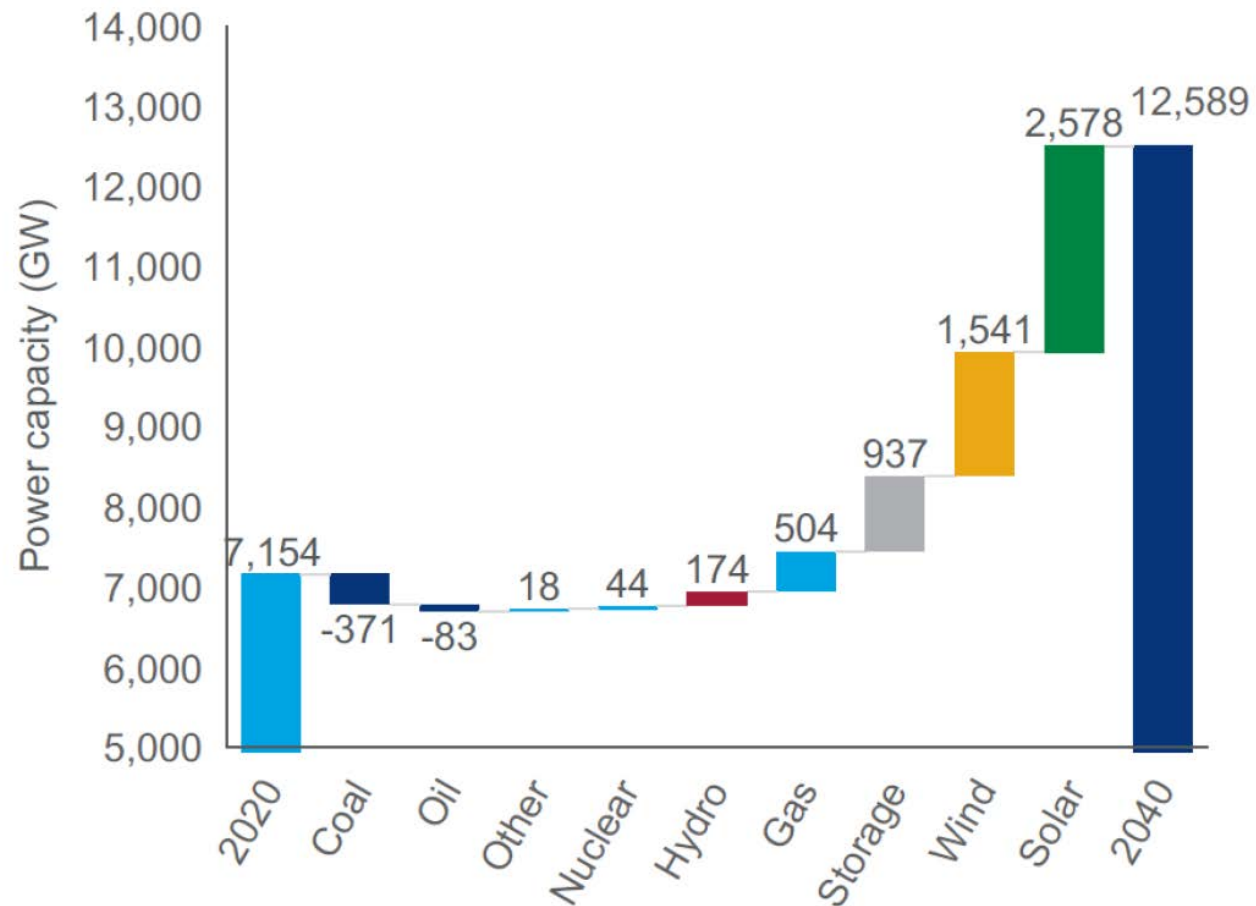


Source: NASA



Funding Source Resilience: Future of Energy

Global Power Net Capacity Changes | 2020 – 2040



Source: Wood Mackenzie data



Amount of Warming Dependent on Policies

Global greenhouse gas emissions and warming scenarios



- Each pathway comes with uncertainty, marked by the shading from low to high emissions under each scenario.
- Warming refers to the expected global temperature rise by 2100, relative to pre-industrial temperatures.

Annual global greenhouse gas emissions
in gigatonnes of carbon dioxide-equivalents

150 Gt

100 Gt

50 Gt

Greenhouse gas emissions
up to the present

0

1990 2000 2010 2020 2030 2040 2050 2060 2070 2080 2090 2100

No climate policies
4.1 - 4.8 °C

→ expected emissions in a baseline scenario if countries had not implemented climate reduction policies.

Current policies
2.8 - 3.2 °C

→ emissions with current climate policies in place result in warming of 2.8 to 3.2°C by 2100.

Pledges & targets
2.5 - 2.8 °C

→ emissions if all countries delivered on reduction pledges result in warming of 2.5 to 2.8°C by 2100.

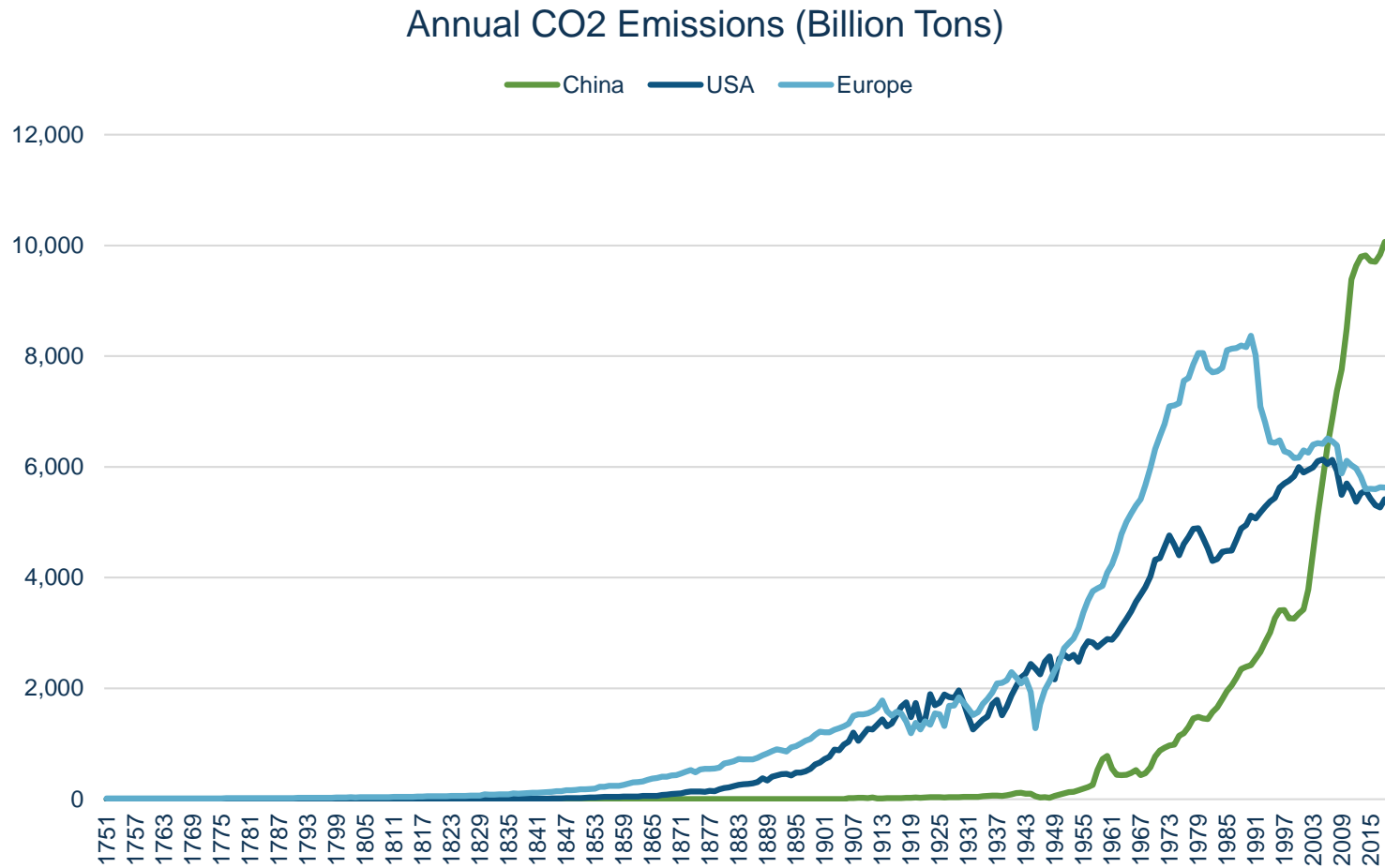
2°C pathways
1.5°C pathways

Data source: Climate Action Tracker (based on national policies and pledges as of December 2019).
OurWorldinData.org - Research and data to make progress against the world's largest problems.

Licensed under CC-BY by the authors Hannah Ritchie & Max Roser.



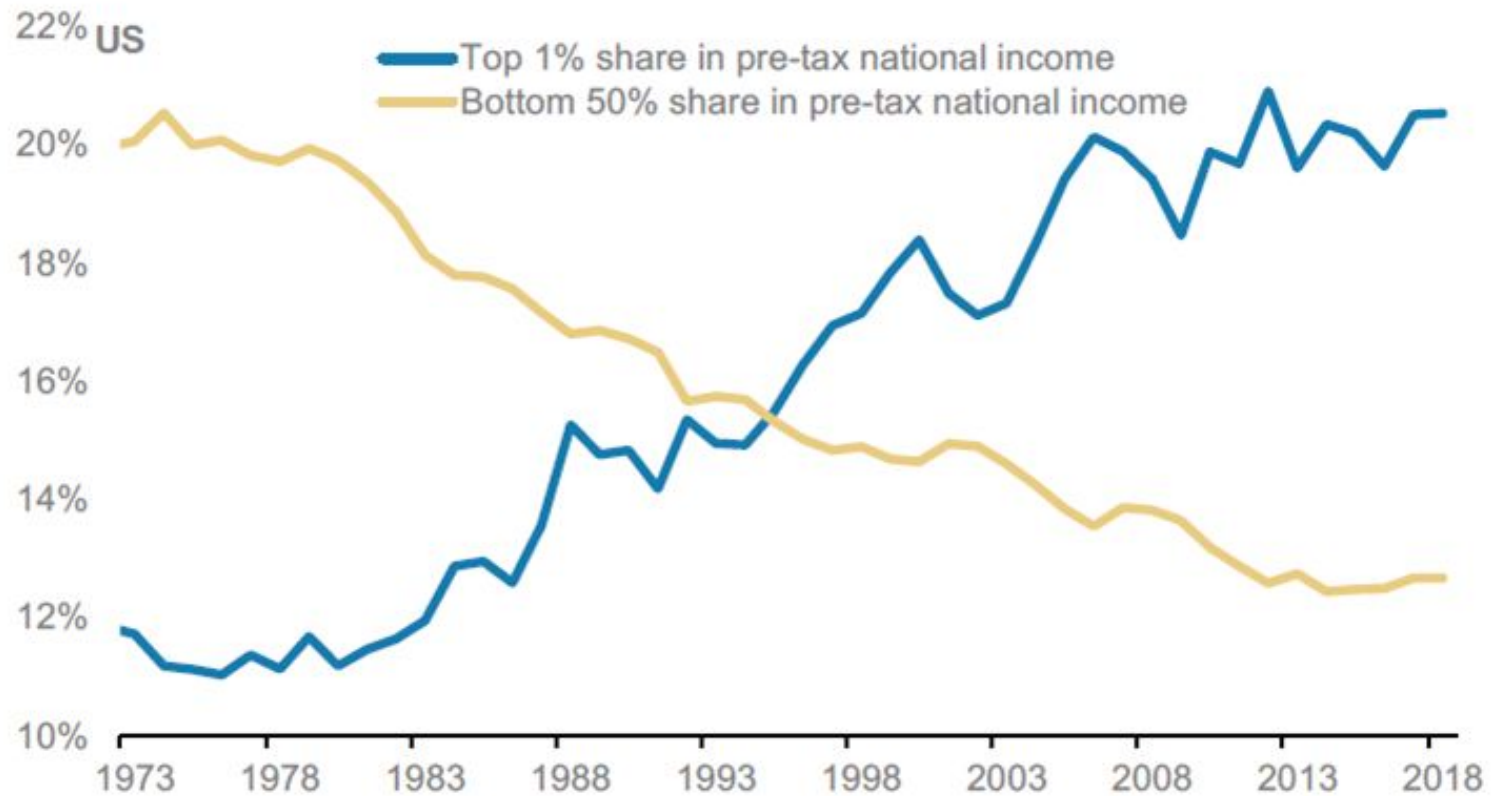
Largest Emitters by Region





Inequality Rising

Exhibit 16: Income inequality has risen, especially in the US

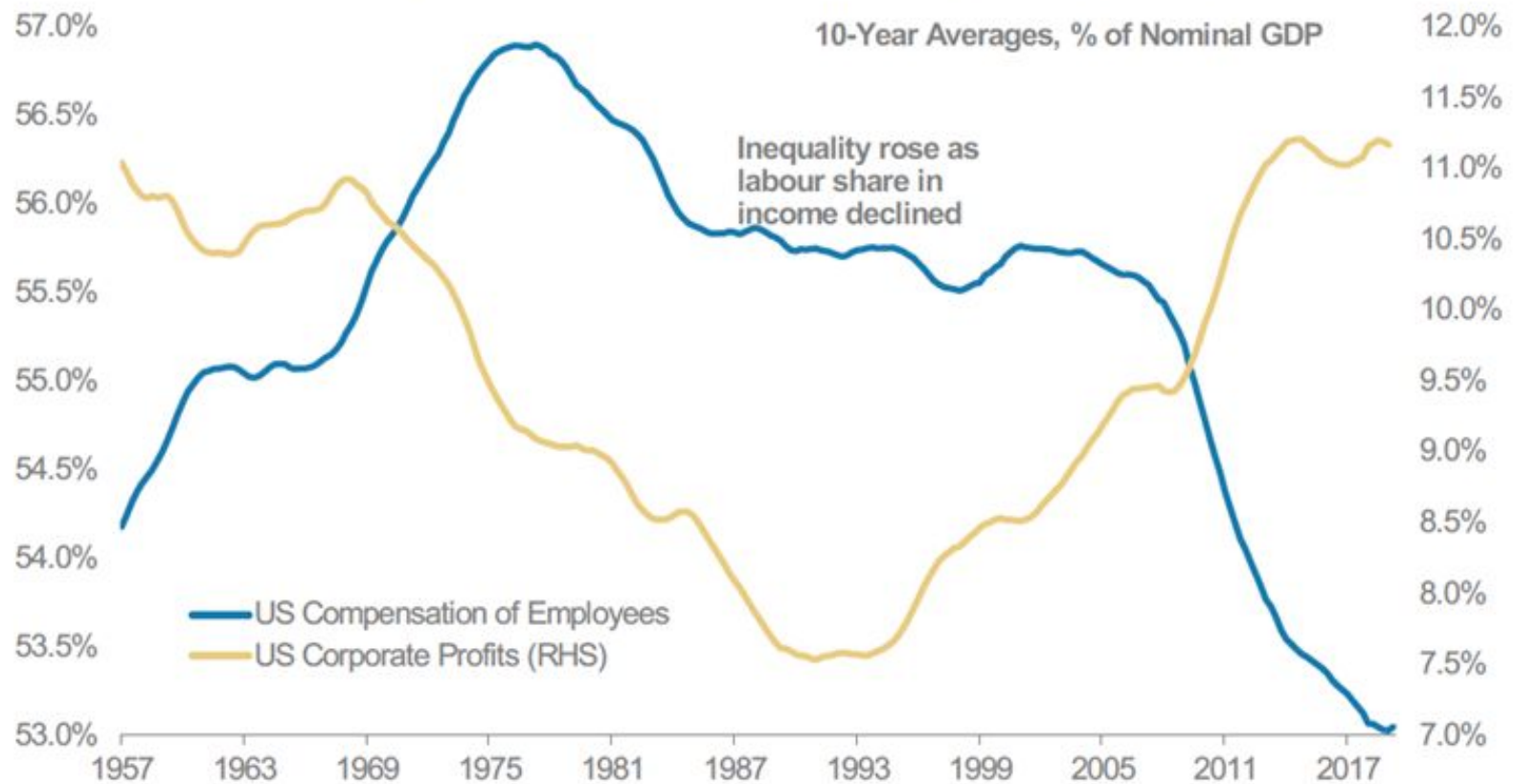


Source: wid.world, BLS, Census Bureau, Haver Analytics, Morgan Stanley Research



US Wage Share Declining

Exhibit 15: US wage share has been declining

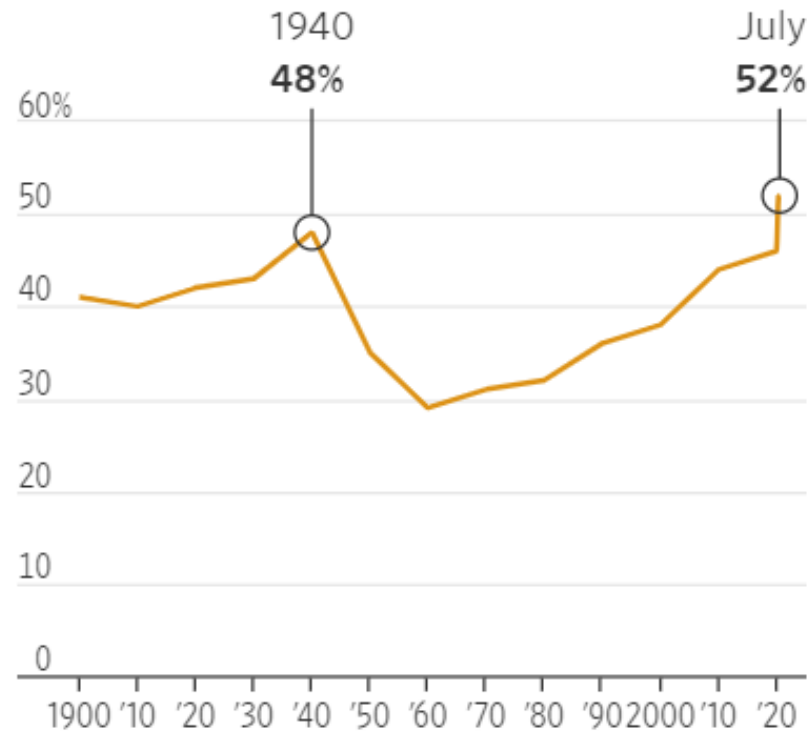


Source: : Haver Analytics, BLS, BEA, Morgan Stanley Research; Note that compensation of employees and corporate profits do not sum to 100% because other components such as proprietors' income, rental income, net interest and miscellaneous payments, taxes on production and imports, business current transfer payments and current surplus of government enterprises are excluded



US 18-29 Year-Olds Living at Home

Share of 18- to 29-year-olds in the U.S. living with a parent



Note: Pew analysis of decennial census (1900-'90); annual average of Current Population Survey (2000, 2010); monthly CPS (2020)

Source: Pew Research Center

Democracy or Autocracy

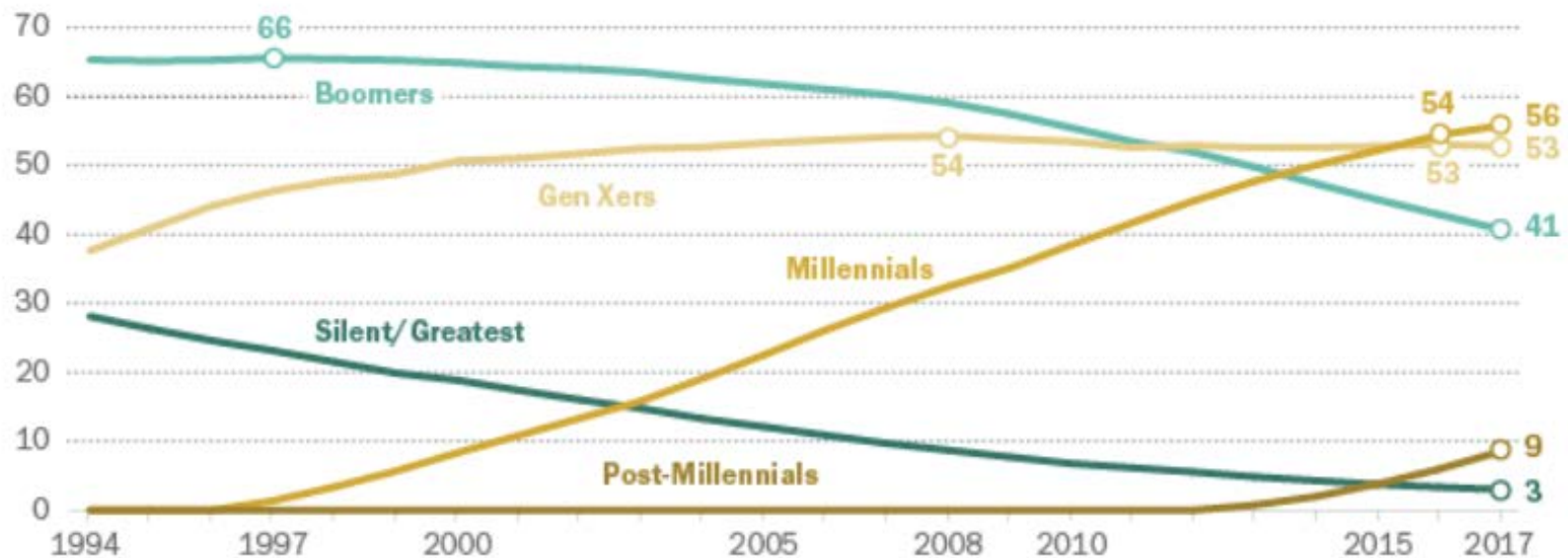




Millennials Largest Generation in Labor Force

Millennials became the largest generation in the labor force in 2016

U.S. labor force, in millions



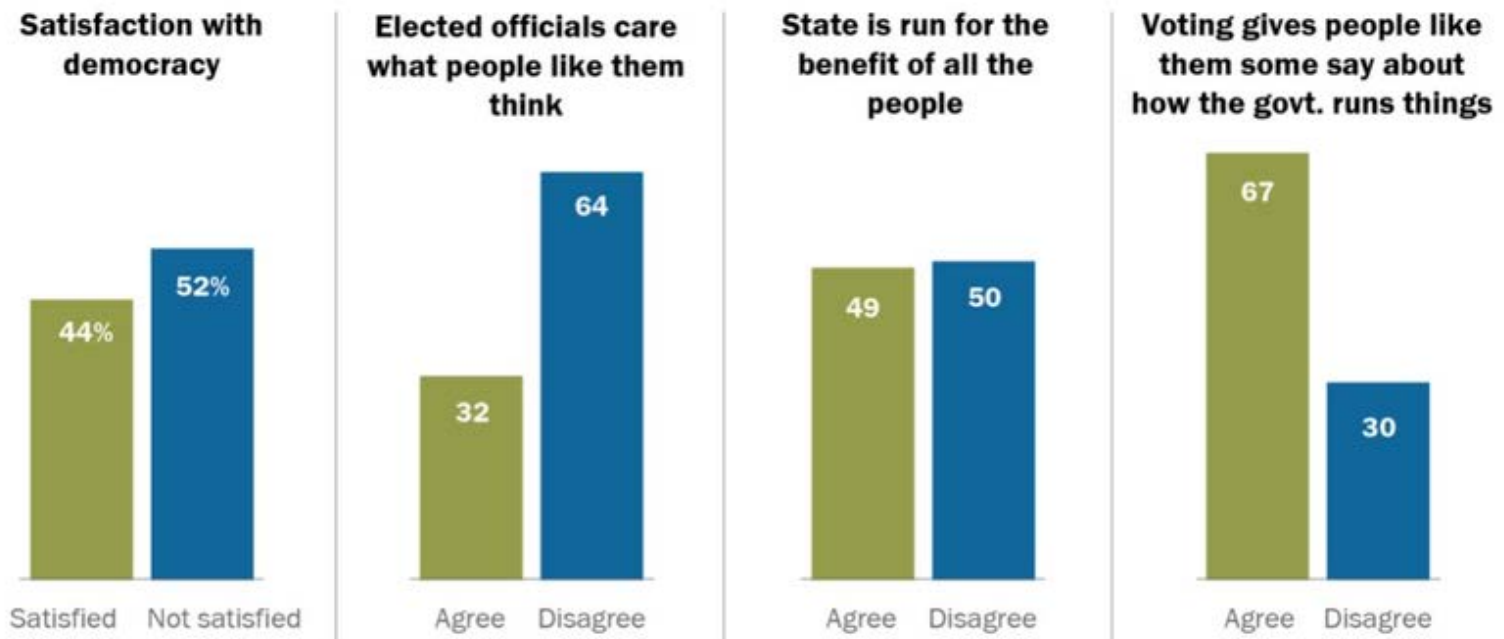
Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.
Source: Pew Research Center analysis of monthly 1994-2017 Current Population Survey (IPUMS).

PEW RESEARCH CENTER



Dissatisfaction with Democracy

Globally, many are dissatisfied with the way democracy works and frustrated with elected officials but still value voting



Note: Percentages are medians based on 34 countries.
Source: Spring 2019 Global Attitudes Survey. Q5, Q50a-b, e.
"Democratic Rights Popular Globally but Commitment to Them Not Always Strong"

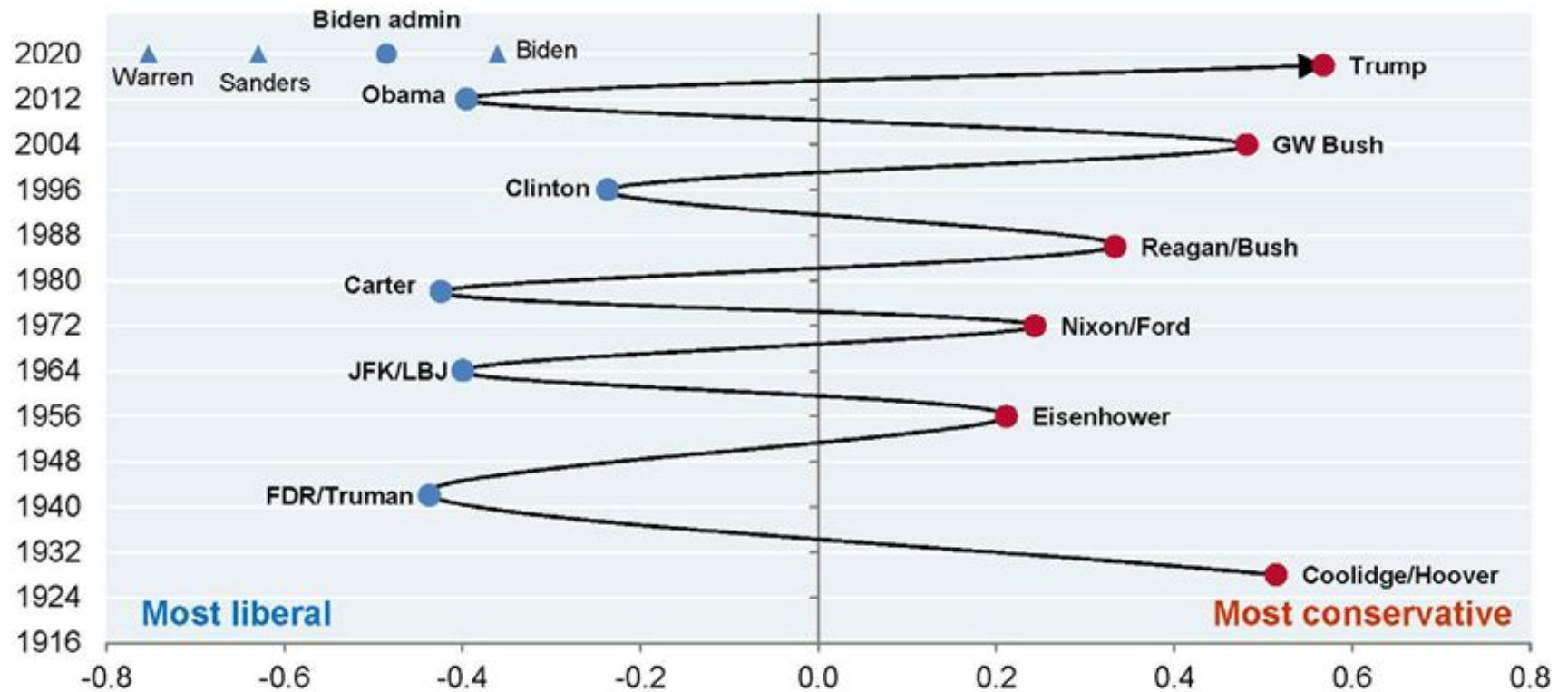
PEW RESEARCH CENTER



Polarization of US Politics

Political ideology of US Presidents and their administrations

UCLA Voteview Liberal-Conservative scores, derived from Congressional voting histories



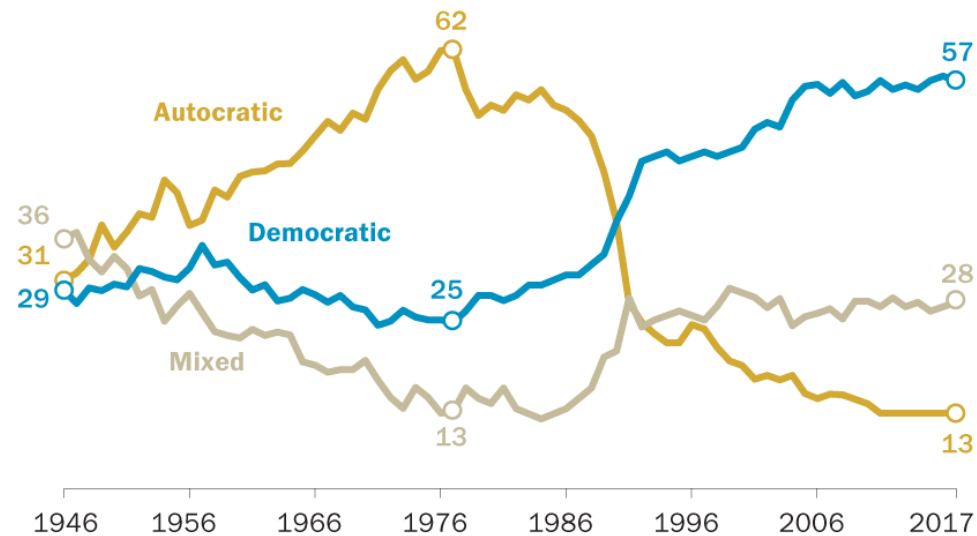
Source: VoteView Roll Call Votes database, JPMAM. 2020.



US vs China

More than half of governments are democracies

% of countries under each regime type, 1946-2017



Note: Data available only for 167 countries included in the Polity IV database. Countries labeled "mixed" have a blend of democratic and autocratic regime characteristics.

Source: Center for Systemic Peace's Polity IV Project.

PEW RESEARCH CENTER

Globalization, Trade and Resiliency



US Resilience: US vs. China

Trade Time-Lapse: USA vs. China Each Country's Biggest Trading Partner by Year (1980 - 2018)



US Resilience: US vs. China

Trade Time-Lapse: USA vs. China Each Country's Biggest Trading Partner by Year (1980 - 2018)



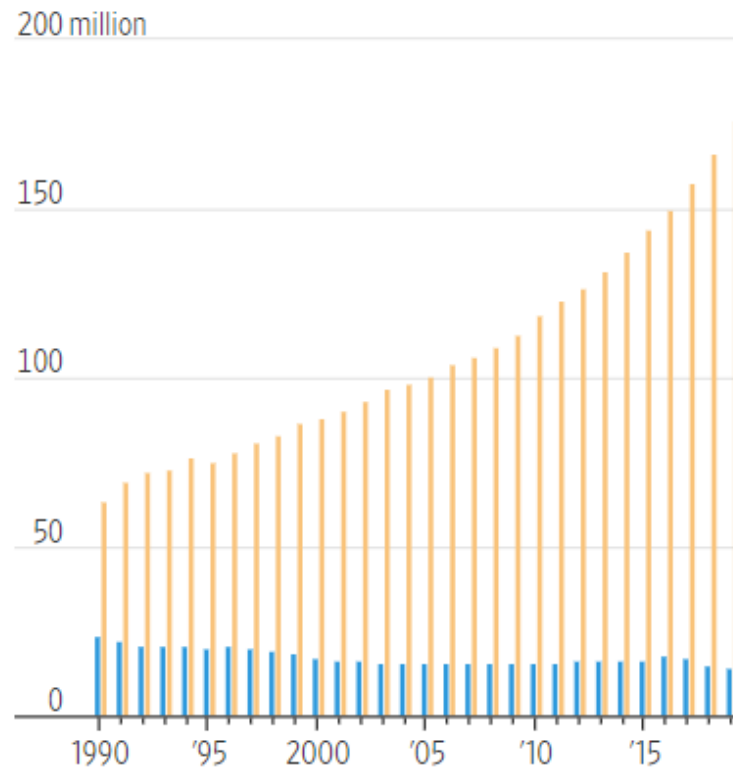


Generation Gap in China

Generation Gap

As the number of babies born in China trends downward, the number of elderly climbs.

■ Newborns ■ Aged 65 or older



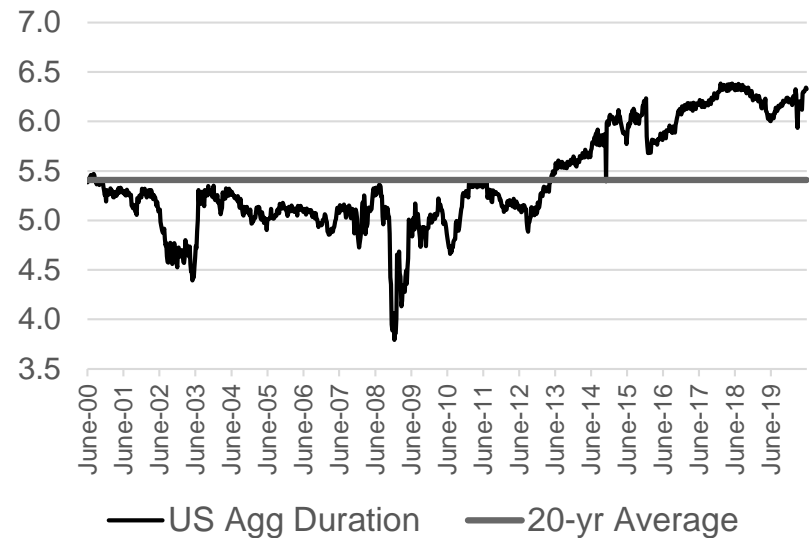
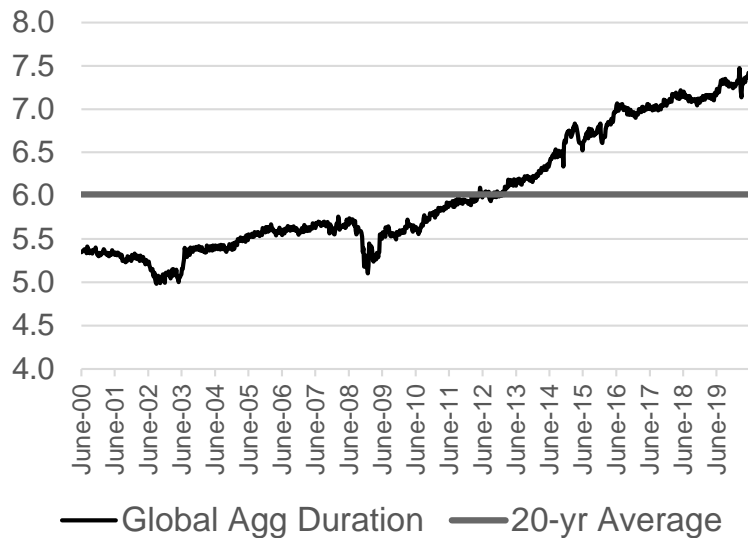
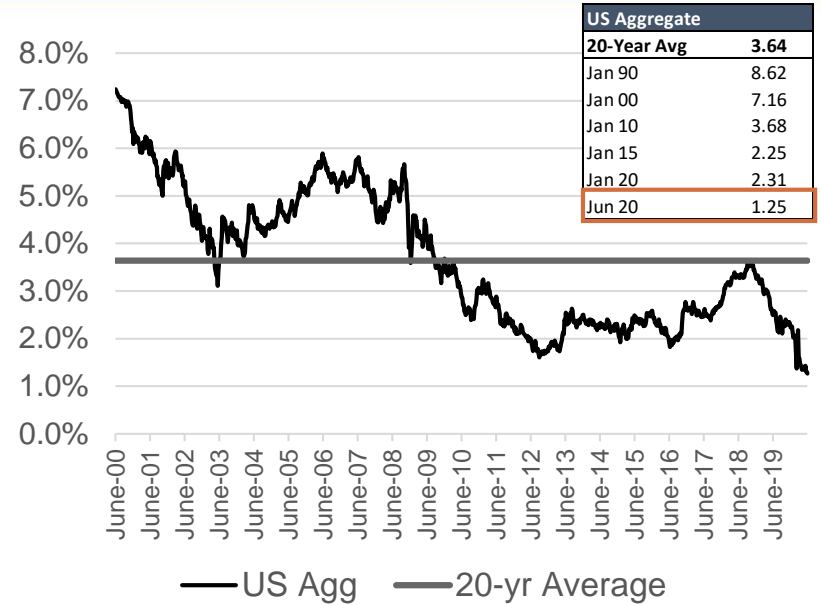
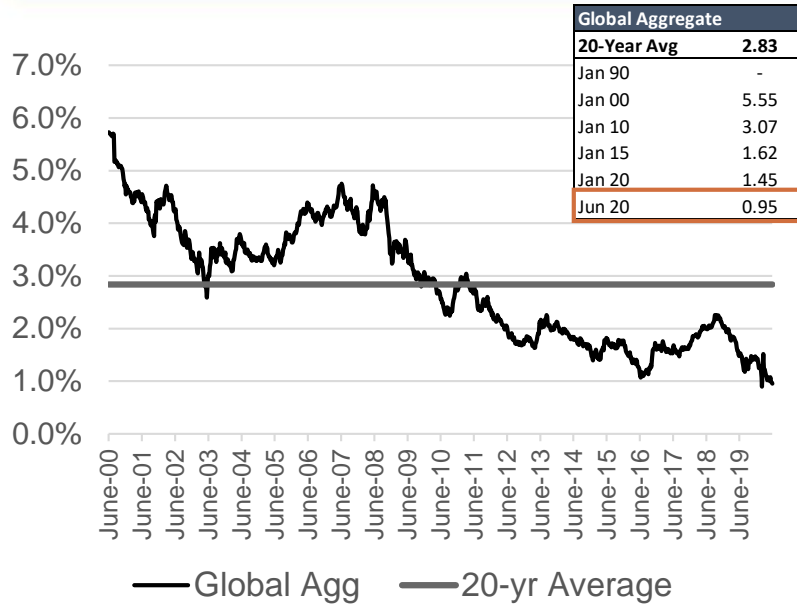
Source: China National Bureau of Statistics

Bitcoin, Bonds, Buildings and Business Models





Change in Yields and Duration



Source: Bloomberg

Humans and Machines



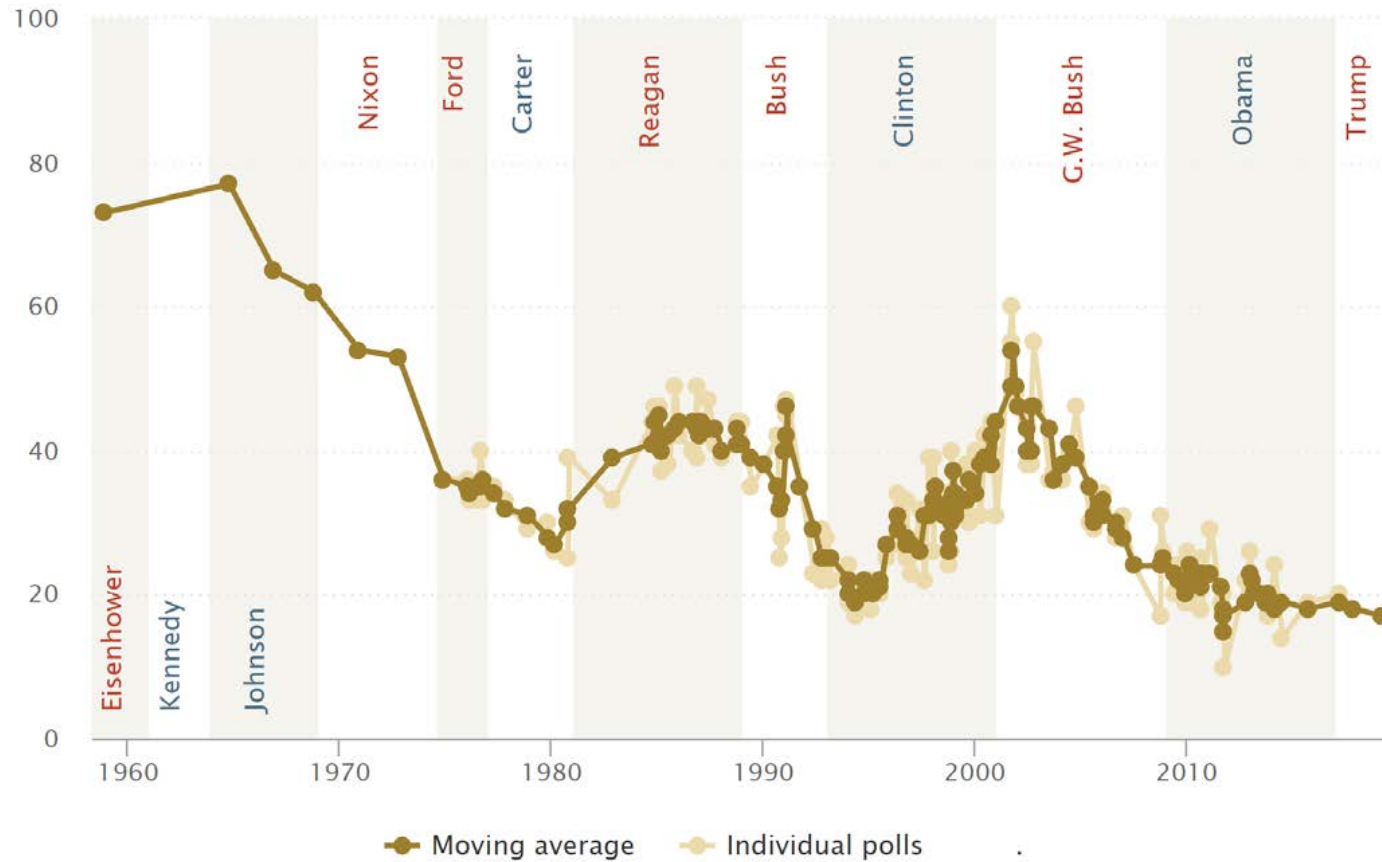
Trust





Public Trust in Government

% who trust the govt in Washington always or most of the time



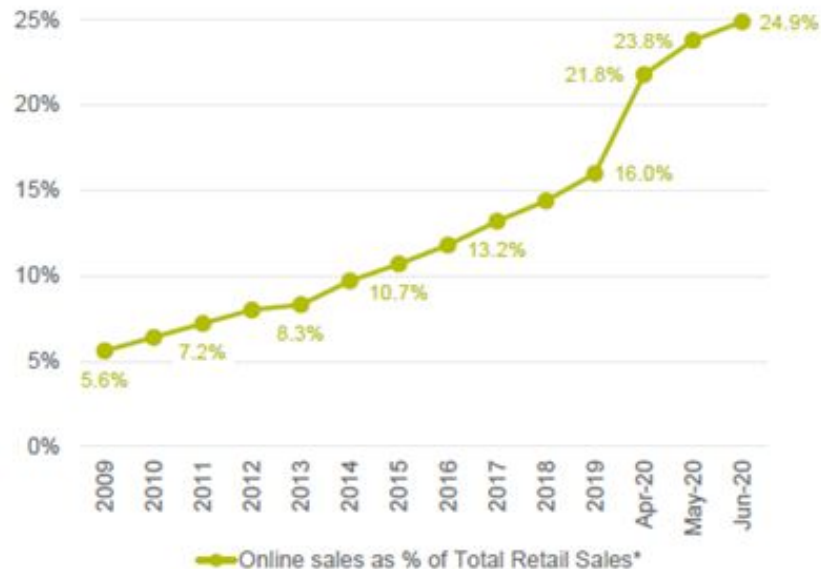
Source: Pew Research



One More Thing: Rise of eCommerce

An increase in eCommerce and last-mile supply chains contributes to increased demand for industrial spaces

DRAMATIC INCREASE IN ONLINE SHOPPING



GENERATES DEMAND FOR INDUSTRIAL-LOGISTICS



Source: Ecommerce figures from Digital Commerce 360 analyzing the U.S. Department of Commerce's Retail E-Commerce Sales Report and Monthly Retail Trade and Food Services Report.

Note: Total retail sales number excludes the sale of items not normally purchased online; specifically, motor vehicle & parts dealers (NAICS 441), gasoline stations (NAICS 447), and food services & drinking places (NAICS 722).

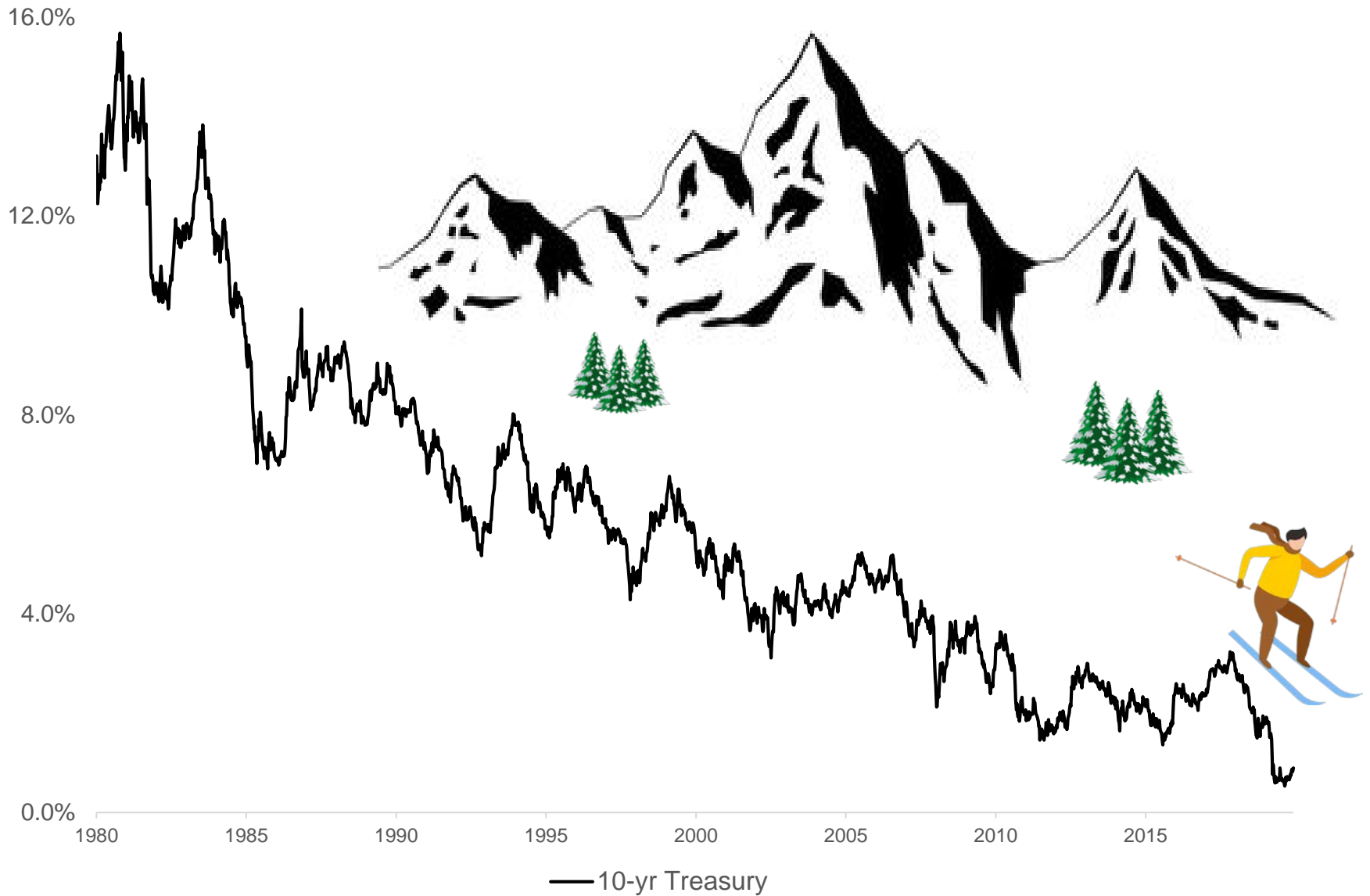
Industrial figures from Cushman & Wakefield Research

Returns





Portfolio Resilience: End of an Era





Portfolio Resilience: End of an Era

Overshoot / High Inflation

Real GDP Growth
 10-Yr Productivity
 CPI
 Fed Funds (beg. / end)
 S&P 500 (nom. / real)
 10-Year (nom. / real)

	Growth + Inflation 1941 - 1951	Stagflation 1960 - 1979
Real GDP Growth	6.0%	3.8%
10-Yr Productivity	3.8% (1951)	2.0% (1979)
CPI	5.9%	4.9%
Fed Funds (beg. / end)	0.2% / 1.7%	4.0% / 13.8%
S&P 500 (nom. / real)	7.6% / 1.7%	3.0% / -1.9%
10-Year (nom. / real)	2.0% / -3.9%	4.1% / -0.8%

**40 Year Era (1980 – 2020)
 Moderate Inflation & Growth**

Real GDP Growth
 10-Yr Productivity
 CPI
 Fed Funds (beg. / end)
 S&P 500 (nom. / real)
 10-Year (nom. / real)

Great Moderation 1980 - 2020	
Real GDP Growth	2.6%
10-Yr Productivity	1.3% (2020)
CPI	3.1%
Fed Funds (beg. / end)	13.8% / 1.6%
S&P 500 (nom. / real)	8.9% / 5.8%
10-Year (nom. / real)	7.2% / 4.2%

Undershoot / Deflation

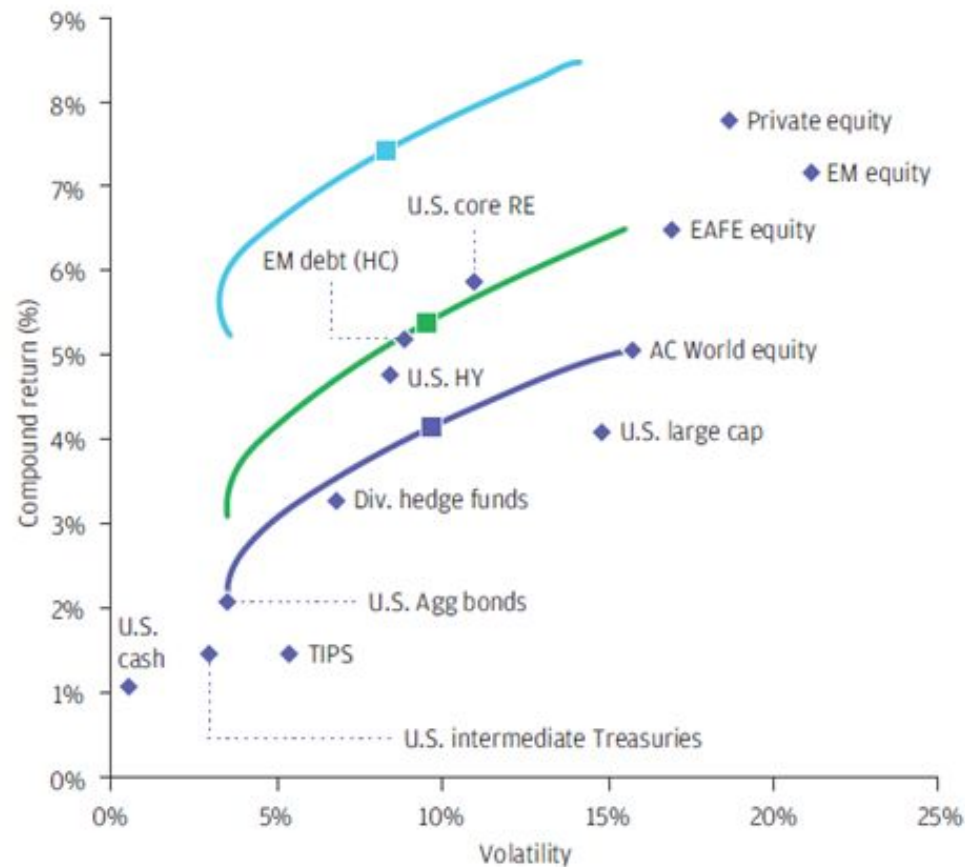
Real GDP Growth
 10-Yr Productivity
 CPI
 BoJ Rate (beg. / end)
 TOPIX (nom. / real)
 10-Year (nom. / real)

Japanification Japan 1990 - 2019	
Real GDP Growth	1.5%
10-Yr Productivity	0.6% (2019)
CPI	0.4%
BoJ Rate (beg. / end)	3.7% / -0.1%
TOPIX (nom. / real)	-1.7% / -2.1%
10-Year (nom. / real)	2.9% / 2.5%



Portfolio Resilience: Future Lower Returns

- 2008 stock-bond frontier
- 2020 stock-bond frontier
- 2021 stock-bond frontier
- 60/40 portfolio (2008)
- 60/40 portfolio (2020)
- 60/40 portfolio (2021)

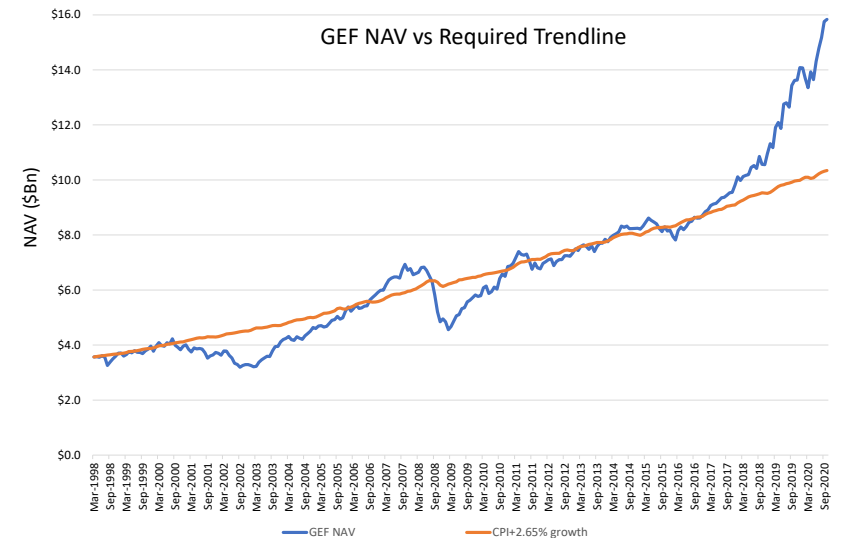
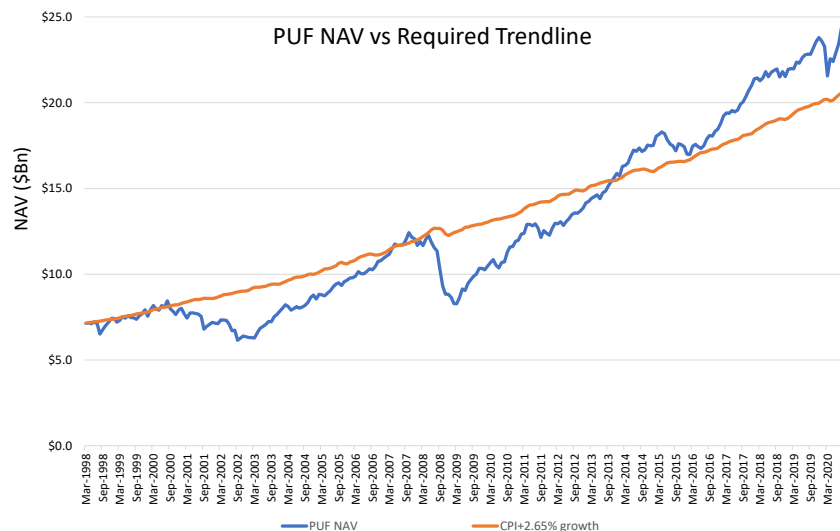


Source: J.P. Morgan Asset Management; data as of September 30, 2020.



Payout Structure Resilience

Our analysis shows that distributions would still be able to continue and grow as planned until 2030 at least








- An 11-year long bull market, alongside record revenues from University Lands until 2020 (PUF) and the ITF→LTF program (GEF), resulted in a record-high margin of safety of NAV in both funds vs the Required Trendline
- Using reasonable assumptions, **both funds would still be able to continue growing their distributions by CPI+2.65% (the current PUF distribution policy) at least through 2030**, thus supporting the growing needs of UT and A&M

Organizational Requirements



Organizational Resilience: Five Pillars

UTIMCO Resilience

Clear Purpose	Defined Culture	Great People	Communication	Lean into Change
	 <p>“RIGHT” Servant Leadership</p>			
<ul style="list-style-type: none"> • Two Leading University Systems • Top Cancer Facility • Eradicate Poverty • Enhance Society • Cure and Care for Patients 	<ul style="list-style-type: none"> • Fully Engaged • RIGHT Values • Code of Conduct • Servant Leadership • “How Can I Help You” 	<ul style="list-style-type: none"> • A Players • Career Paths • Strategic Plan • Feedback Systems • Meaningful Relationships 	<ul style="list-style-type: none"> • Transparent & Open • “Speak the Truth with Love” • Active Listening • Empathy • Clarity 	<ul style="list-style-type: none"> • Growth Mindset • Open to Change • Flexible Thinking • Innovation • 20% Annual Productivity Improvement



resilience

(noun) re-sil-i-ence

“The quality of being able to return quickly to the previous good condition after problems”

-Cambridge Dictionary

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Strategic Asset Allocation Preview Report

Developed By: Yoeli, Standley

Presented By: Yoeli, Standley

Type of Item: Information Item

Description: Dr. Yoeli and Mr. Standley will discuss key themes emerging in the new economic paradigm and will focus on the process and approach UTIMCO is taking to revise its Strategic Asset Allocation.

Recommendation: None

Reference: *Strategic Asset Allocation Preview* presentation



Strategic Asset Allocation Preview

Uzi Yoeli, Managing Director – Risk Management
Ken Standley, Senior Director – Strategic Partnerships

December 10, 2020



Overview

- UTIMCO has a plan to tackle the big questions brought forward by the 9 Superfactors and the emergence of a “New Era”
- We are likely entering a low-return environment marked by higher uncertainty, putting a premium on flexibility and resiliency
- Our process leverages both internal and external experts as well as top-down and bottoms-up approaches, driving to a clean set of target weights, strategy implications, and benchmarks
- Our plan runs through next June and we will update the Board on our progress at the March meeting



SAA Themes and Framework

EMERGING NEW PARADIGM = NEW APPROACHES TO REVIEWING SAA

Environment of Uncertainty

UTIMCO approach needs to be informed by different assumptions that incorporate divergent possible outcomes

Strategy of Being Tactical

Unlikely that this is a “one-and-done” exercise, understand and quantify the value of flexibility

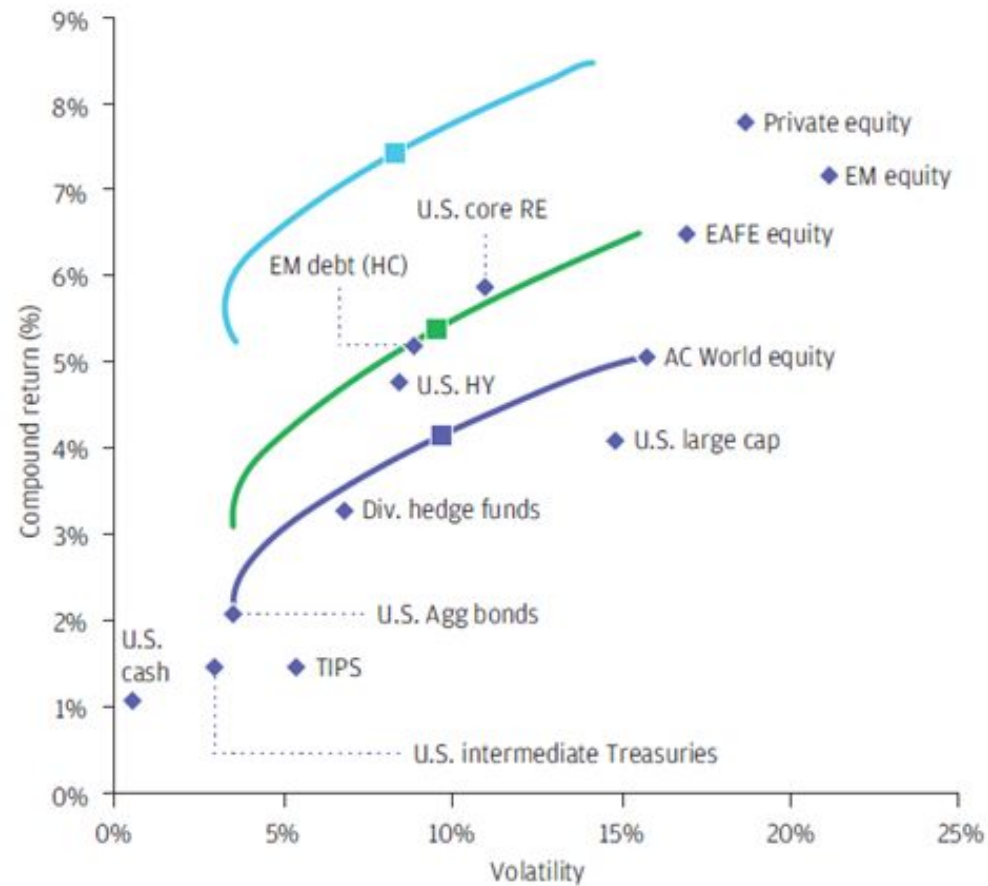
Portfolio Resiliency

Design portfolios that can work in multiple scenarios and accommodate the uncertain path to a new paradigm



Forward Returns Falling

— 2021 stock-bond frontier ■ 60/40 portfolio (2021) — 2020 stock-bond frontier
■ 60/40 portfolio (2020) — 2008 stock-bond frontier ■ 60/40 portfolio (2008)



Source: J.P. Morgan Asset Management; data as of September 30, 2020.

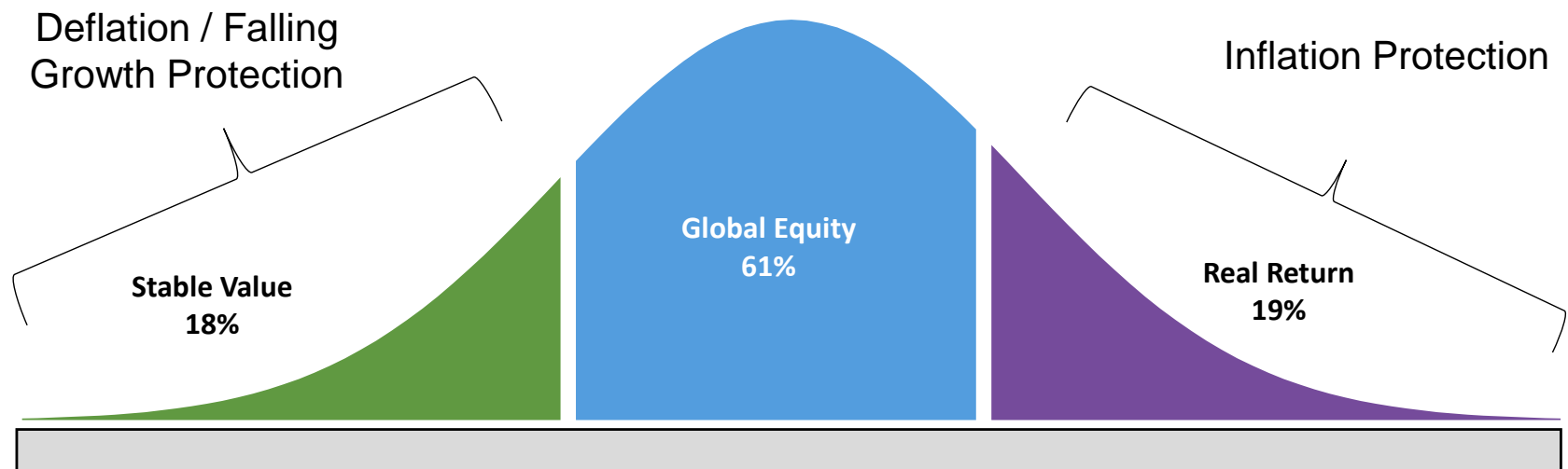
Process and Approach





Key Decision: Optimizing Regime Weights

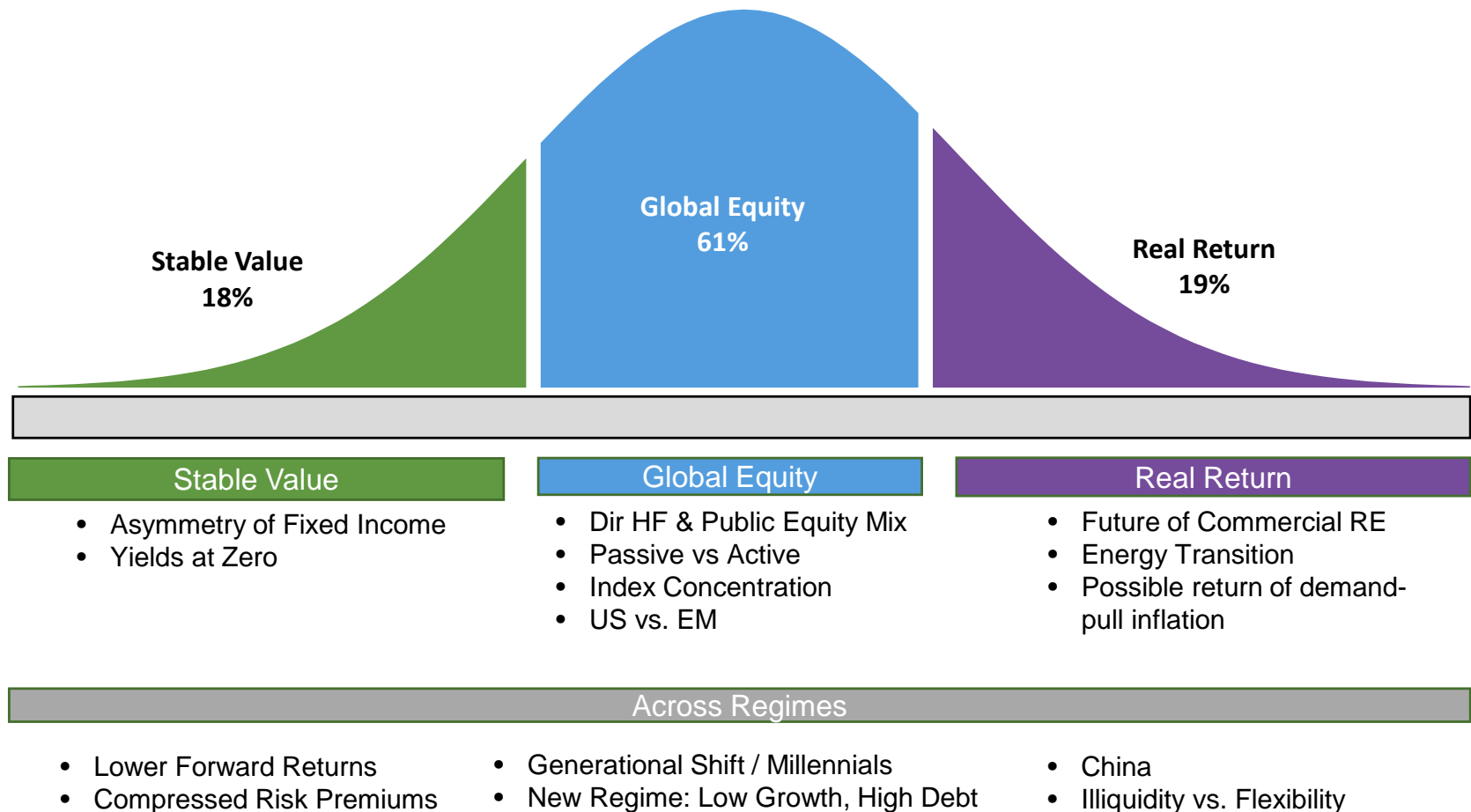
- Protection for deflationary and inflationary environments is built into the regime-based framework
- Key decision will be to re-evaluate weights to each regime in order to ensure we have appropriate protection for both environments





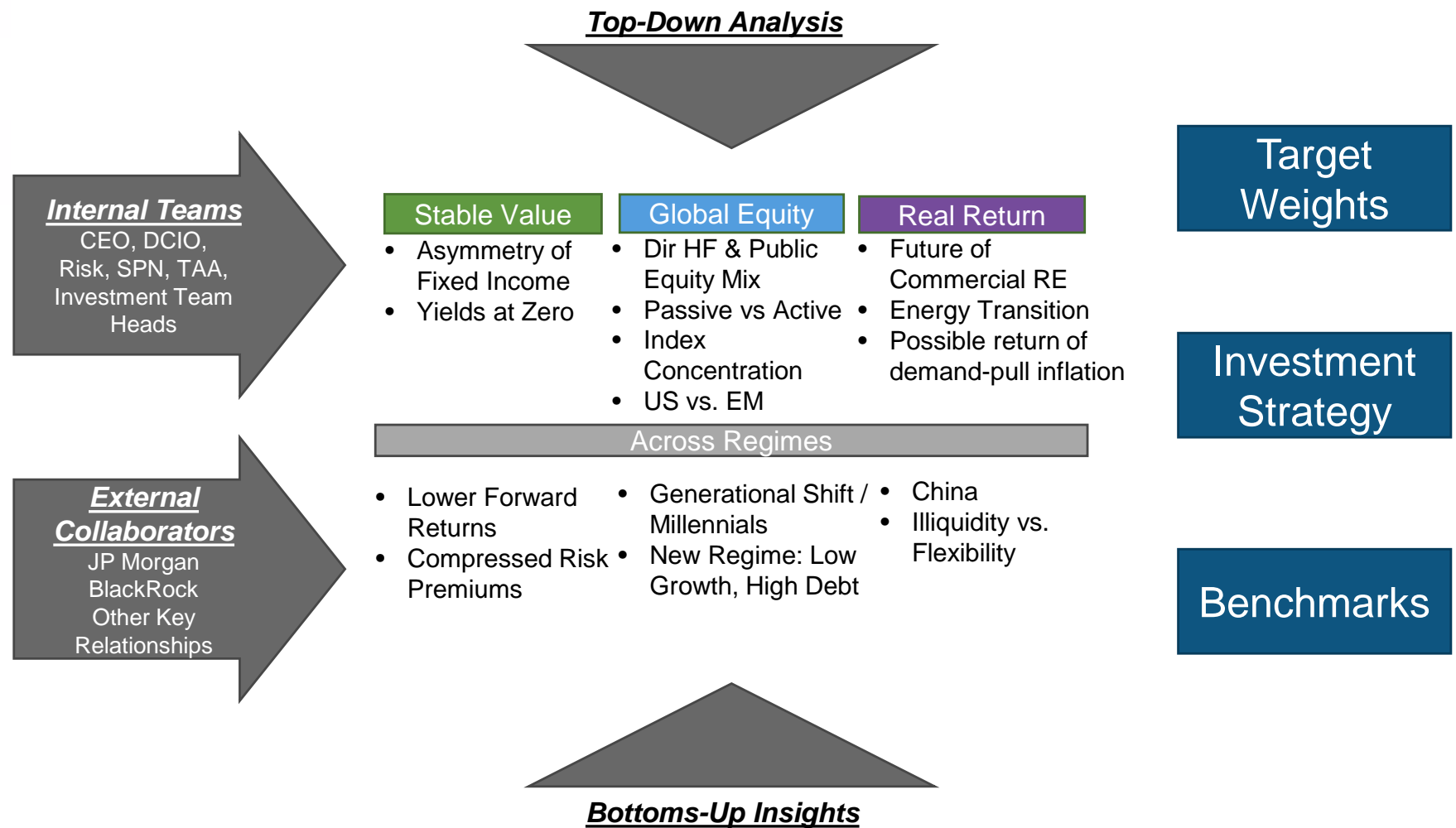
Key Decision: Optimizing Strategies

- In addition to determining weights of strategies and regimes, there are several strategy specific questions and research projects that will be addressed by the team



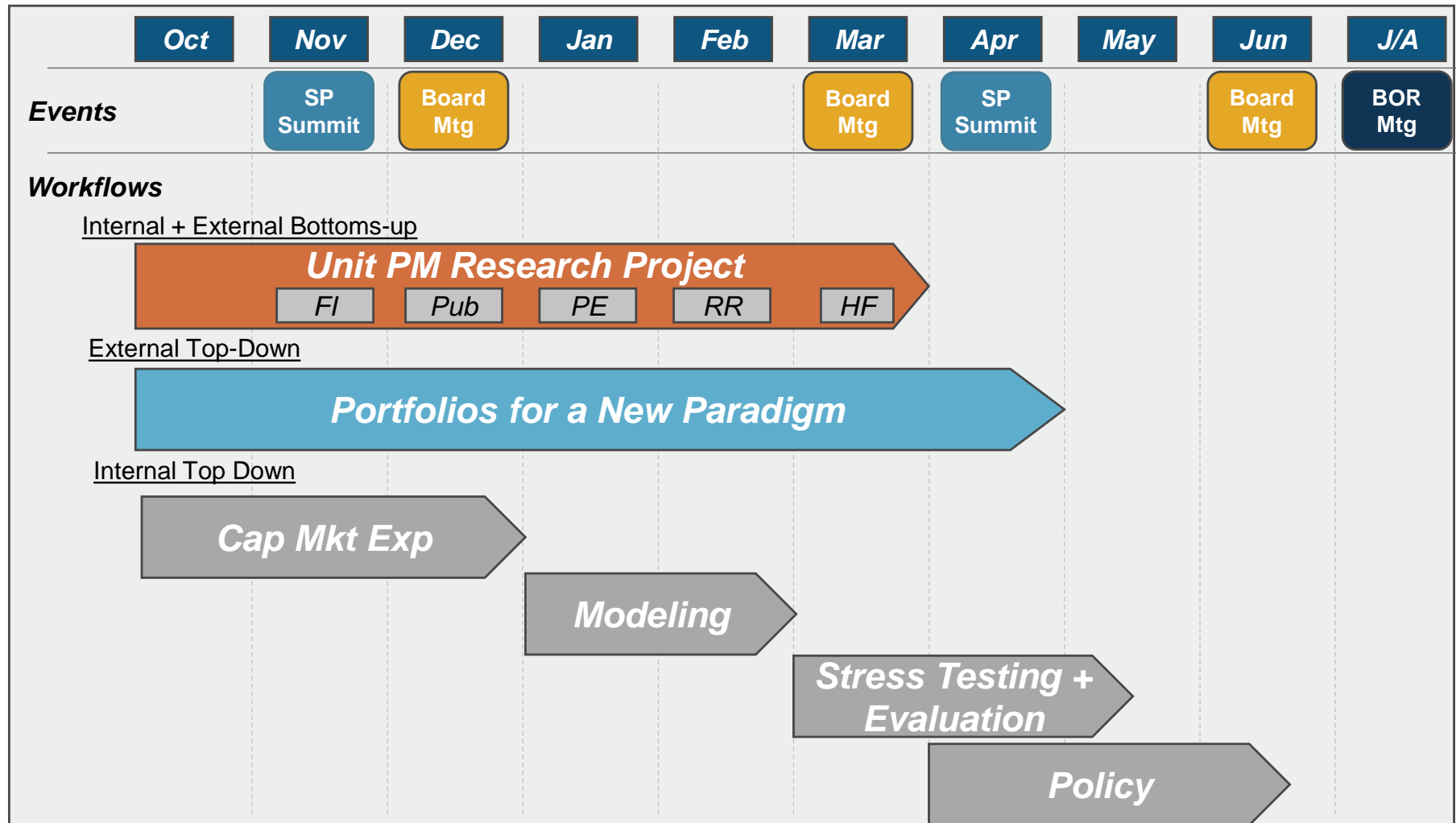


Mobilizing Internal and External Resources





Strategic Asset Allocation Project Plan



- **Unit PM Research Projects** - Tap into asset class experts on strategy questions raised by the 9 Superfactors, dig deeper into current holdings and strategies to understand how they could perform in an inflationary environment
- **Portfolios for a New Paradigm Project** - Engage with Strategic Partners and other Key Relationships to collaborate on a solution (capital market expectations, suggested portfolios given UTIMCO constraints and objectives, bringing a multi-asset lens to answering strategy questions)



Key Board Events

- **December Board Meeting**
 - Introduce Strategic Asset Allocation project and plan
 - Identify priorities and methodology
- **March Board Meeting**
 - Share initial findings and supporting analysis
 - Capital Market Expectations
 - Identify potential changes to SAA and policy as well as impacts
- **June Board Meeting**
 - Joint Risk and Policy Committee Meeting will review final proposed changes and bring recommendation to full board
- **August Board of Regents Meeting**
 - Revised UTIMCO Policies brought to the UT System Board of Regents for review and approval



Conclusions

- UTIMCO is executing on a plan to adapt our Strategic Asset Allocation for the New Paradigm
- We will accomplish this through a combination of Top-Down and Bottom-Up analysis with both Internal and External resources
- We will communicate with the board on an ongoing basis as our analysis continues
 - March Board Meeting: Key Themes and Initial Conclusions
 - June Board Meeting: Final Proposals
- Forward Returns Likely to be Lower Across All Asset Classes

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Strategic Partnerships Presentation

Developed By: Standley, Chuah

Presented By: Standley

Type of Item: Information Item

Description: Mr. Standley will provide an update on the Strategic Partnerships portfolio and knowledge sharing efforts.

Recommendation: None

Reference: *Public Strategic Partnerships* presentation



Public Strategic Partnerships

Ken Standley, Senior Director – Strategic Partnerships

December 10, 2020



Executive Summary

6 MONTHS OF STRATEGIC PARTNERSHIPS AT UTIMCO

Successful Launch

- As of September 30, the Strategic Partnerships have returned +16.4% with +2.4% of alpha
- \$953 Million invested (2.4% of Endowments)
 - Initial Funding: \$300 Mill to each partner on April 30, 2020
 - Follow-ons: \$125 Mill each (July 31)

Positioning and Outlook

- Strategic Partners remain constructive on markets and are positioned pro-cyclically
- Both partners hold a significant long position in Emerging Markets and are short the USD
- Portfolios dynamically evolving alongside changing markets

Knowledge Sharing

- Extensive research engagements and requests for expertise
- Substantial contributions to UTIMCO enterprise priorities and investment processes

Upcoming Priorities

- Portfolios for a New Paradigm + Strategic Asset Allocation



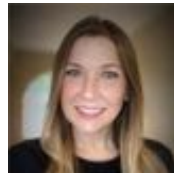
Strategic Partnership Team



Ken Standley, CFA, CAIA
Senior Director
George Washington University



Anson Chuah, CFA
Associate
University of Texas



Jenna Hudson
Investment Team Coordinator
University of Texas



Customer Chart – Strategic Partnerships

Client and Customers



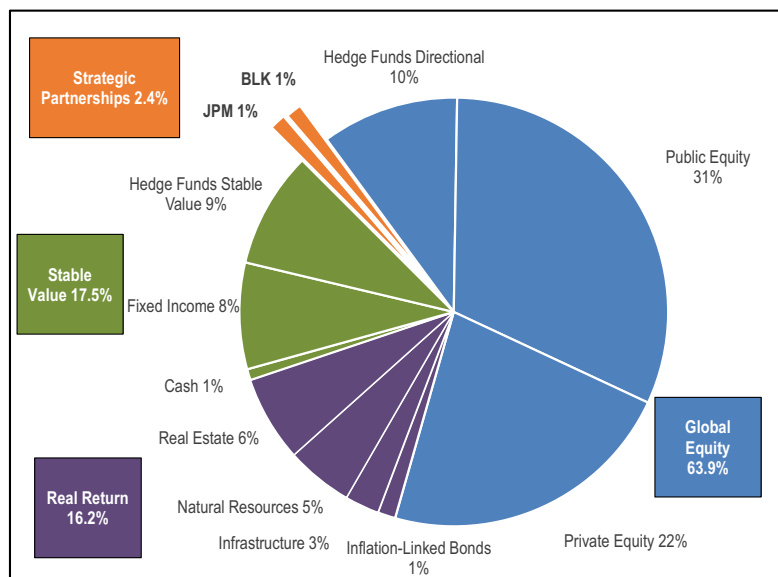


Performance and Key Highlights

AS OF SEPTEMBER 30, 2020

	Investment Results	Exposure			
Strategic Partnerships	ITD	NAV	% of SPN Portfolio	% of Endowments	FY21 Target Weights
JP Morgan	17.7%	\$481	50.4%	1.2%	1.9%
BlackRock	15.2%	\$473	49.6%	1.2%	1.9%
Total	16.4%	\$953	100.0%	2.4%	3.8%
SPN Policy Benchmark	14.0%	--	--	--	--
Alpha	2.4%	--	--	--	--

Role in Endowment



Benchmark Performance and Risk Ranges

Asset Class	Returns	Allocation Target and Range		
	ITD	Target	Min	Max
US Equities	17.7%	37%	20%	60%
Non-US Developed Equities	13.1%	21%	6%	36%
Emerging Market Equities	18.5%	24%	5%	35%
Total Equity	16.8%	82%	40%	112%
Global Fixed Income (Hedged)	1.5%	18%	0%	41%
Extended Credit	-	0%	0%	20%
Total Fixed Income	1.5%	18%	0%	55%



Alpha Attribution

STRONG INVESTMENT RESULTS SINCE INCEPTION

Since Inception Performance and Attribution (as of 9/30)

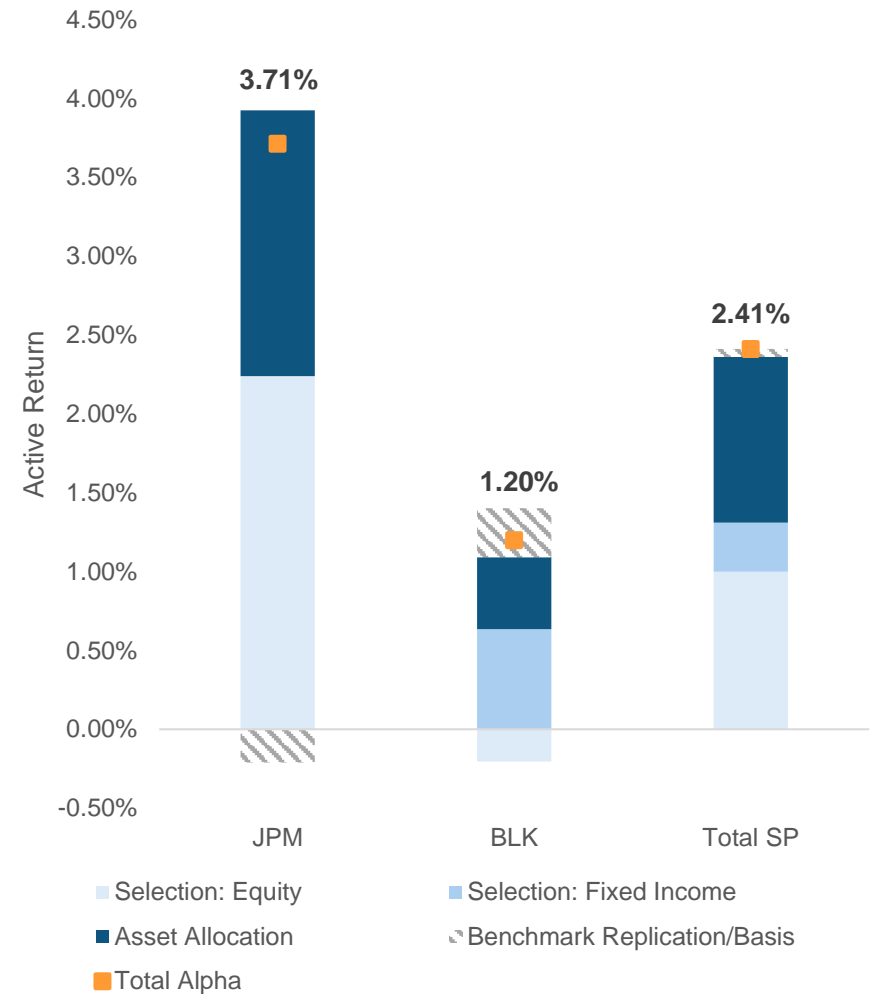
Performance	JPM	BLK	Total SP
Total Return	17.72%	15.21%	16.42%
Benchmark	14.01%	14.01%	14.01%
Total Alpha	3.71%	1.20%	2.41%

Alpha Attribution	JPM	BLK	Total SP
Security Selection	2.24%	0.43%	1.31%
Selection: Equity	2.24%	-0.20%	1.00%
Selection: Fixed Income	0.00%	0.64%	0.31%
Asset Allocation	1.68%	0.46%	1.05%
Benchmark Replication/Basis	-0.21%	0.31%	0.05%
Total Alpha	3.71%	1.20%	2.41%

	Type ¹	Asset	Contribution
JPM Top Alpha Contributors			
EM Equity Fund	SS	EQ	1.18%
Credit OW	AA	FI	0.99%
Stock/Bond OW	AA	EQ	0.57%
BLK Top Alpha Contributors			
Strategic Income Opp	SS	FI	0.64%
Euro OW vs USD	AA	FX	0.62%
AUD OW vs USD	AA	FX	0.17%

¹ Security selection or asset allocation

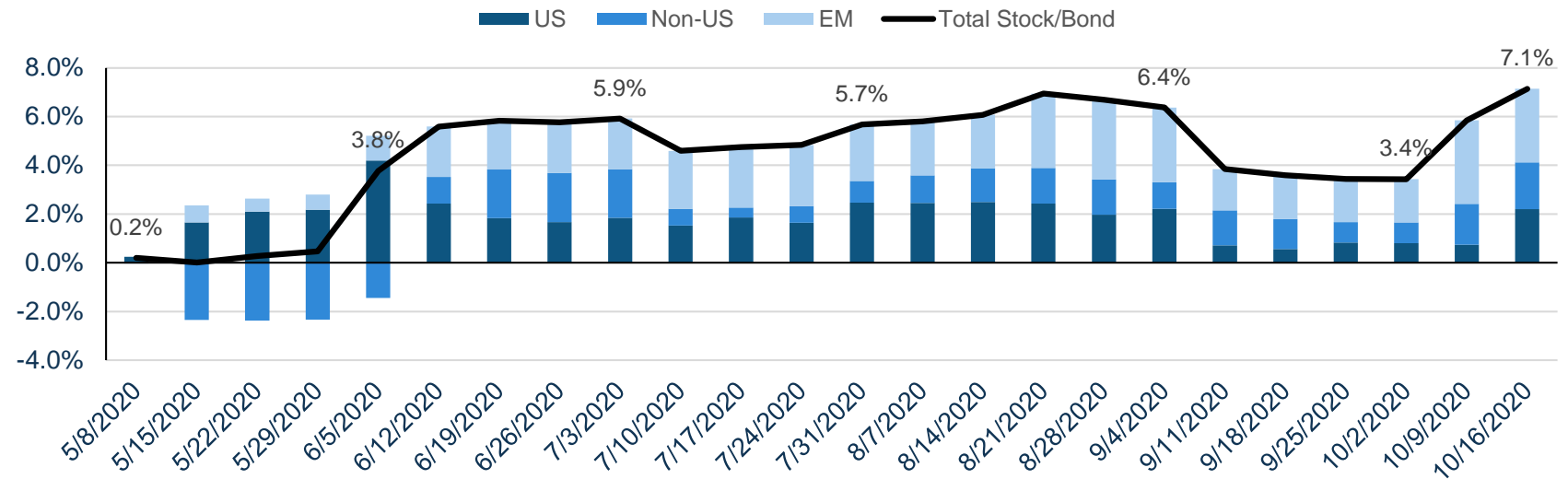
Allocation and Selection Both Driving Alpha





Positioning and Outlook

DYNAMIC POSITIONING PAYS OFF



Stocks vs. Bonds Positioning

- Pro-cyclical positioning driven by broad-based economic expansion fueled by unprecedented monetary and fiscal stimulus
- Recently, weights to Emerging and Non-US Developed (Japan, Europe) increasing as Partners seek additional breadth in gaining exposure to a cyclical recovery

Other Positions

- Overweights to Credit and Investment Grade positions continue to offer attractive carry despite tremendous spread compression
- Underweight position in US dollar supported as firm global growth, fiscal stimulus, and Fed balance sheet expansion should underpin currency weakness



Knowledge Sharing Update

INCREASING UTIMCO'S ACCESS TO RESOURCES AND INSIGHTS

Strategic Partnership Summits

Semi-annual portfolio reviews and in-depth strategy discussions

May Summit

- COVID update and outlook
- Post-COVID investment themes

November Summit

- Investing in China
- Role of Fixed Income

Harnessing Positioning and Outlook

Transparency and Partnership on TAA Views

Directly contributed to internal UTIMCO TAA Positions

- Long Equities
- Long Credit
- Short Dollar

Frequent reporting to Leadership Team on current tactical views and outlook

Research Projects

Combination of frequent and timely ad-hoc requests alongside structured Innovation Projects

Innovation Projects

- Combining Quantitative and Qualitative Signals in Tactical Asset Allocation (JPM)
- Enhanced Risk Budgeting Framework (BLK)

Ad-Hoc Requests

- Data, Best Practices, Access

Enterprise Priorities

Bringing gold standard institutional insight to bear on UTIMCO's biggest business questions

- China Task Force
- Diversity and Inclusion Task Force
- Information Security
- Derivative and Cash Management



2021 Priorities and Goals

DELIVERING INVESTMENT AND OPERATIONAL ALPHA

Grow the Partnerships

- Expect to contribute another \$300 Million to the Partnerships in 2021
- Targeting 5% of the Endowments (\$2 Bn total) by early 2022

Drive UTIMCO Strategy

- Continue sourcing and synthesizing Strategic Partner insights and tools to help UTIMCO shift gears for a possible new secular environment
 - Collaborate on Strategic Asset Allocation
 - Portfolios for a New Paradigm Project

Serve Our Customers

- Deliver Strategic Partner resources to UTIMCO Investment and OAR teams
 - Best Practices Calls
 - Co-invest Support
- Continue managing Innovation Projects and Ad-hoc engagements

Develop and Contribute to New Alpha Sources

- Identify and harvest high value-add signals from Strategic Partnerships



Summary

- UTIMCO Successfully initiated Two Public Strategic Partnerships (JP Morgan + BlackRock) with strong initial investment results
- We seek to harvest both investment and operational alpha from our partners
- Alpha generation is broad-based across both security selection and tactical asset allocation
- Current positioning is pro-cyclical, with long equity, long credit and short US Dollar positions
- Insights from our Strategic Partners are being reflected in outcomes across the Endowments through Summits, transparency, research engagements, and direct contributions to enterprise priorities
- The Partners are collaborating with our internal UTIMCO team on the Strategic Asset Allocation project
- We continue finding new ways to serve our customers and look forward to a busy and impactful 2021



Appendix



Overview of Strategic Partnerships

Goals of Strategic Partnerships

- **Investment Alpha:** achieve UTIMCO objectives and add value
- **Organizational Alpha:** training, resources, deliver full value of the firm
- **Relationship Alpha:** “positive peer pressure”, mutual commitment
- Strategic Partners will deliver the full value of their firms to UTIMCO

Public

- 2 partners with \$1 Bn each over 2-3 years, eventually reaching 5% of Endowment assets
- Public multi-asset portfolios with value-added through strategy selection and tactical asset allocation
- Performance-based fees

Private

- Targeting 2-4 partners with \$1 – 2 Bn per partner
- Private Equity, Real Estate, Natural Resources, Credit
- Fee-advantaged investment in funds, access to co-investment



Individual Strategic Partner Mandates

Return Objective

Generate 190 basis points of net alpha via security selection and Tactical Asset Allocation

Risk Limits

Min/Max exposures by asset class

Tracking error target: 300 basis points

Maximum tracking error: 500 basis points

Leverage

Maximum gross exposure: 3.0x

Maximum net exposure: 1.5x

Benchmark and asset class ranges:

Asset Class	Benchmark	Returns	Allocation Target and Range		
		ITD	Target	Min	Max
US Equities	MSCI USA	17.7%	37%	20%	60%
Non-US Developed Equities	MSCI EAFE + CN	13.1%	21%	6%	36%
Emerging Market Equities	MSCI EM	18.5%	24%	5%	35%
Total Equity		16.8%	82%	40%	112%
Global Fixed Income (Hedged)	Global Agg (hedged)	1.5%	18%	0%	41%
Extended Credit	-	-	0%	0%	20%
Total Fixed Income		1.5%	18%	0%	55%

Expected benchmark return **5.70%**

Expected benchmark volatility **11.40%**

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Operations and Information Services & Security Presentation

Developed By: Moeller, Sjolander

Presented By: Moeller, Sjolander

Type of Item: Information Item

Description: Ms. Moeller will provide an overview of the Operations Team, which includes the Operations, Accounting and Reporting team and the Corporate Accounting team. Mr. Sjolander will provide a report on the Information Services and Security teams.

Reference: *Operations and Information Services & Security Overview* presentation



Operations and Information Services & Security Overview

Joan Moeller, COO
Mike Sjolander, CTO

December 10, 2020

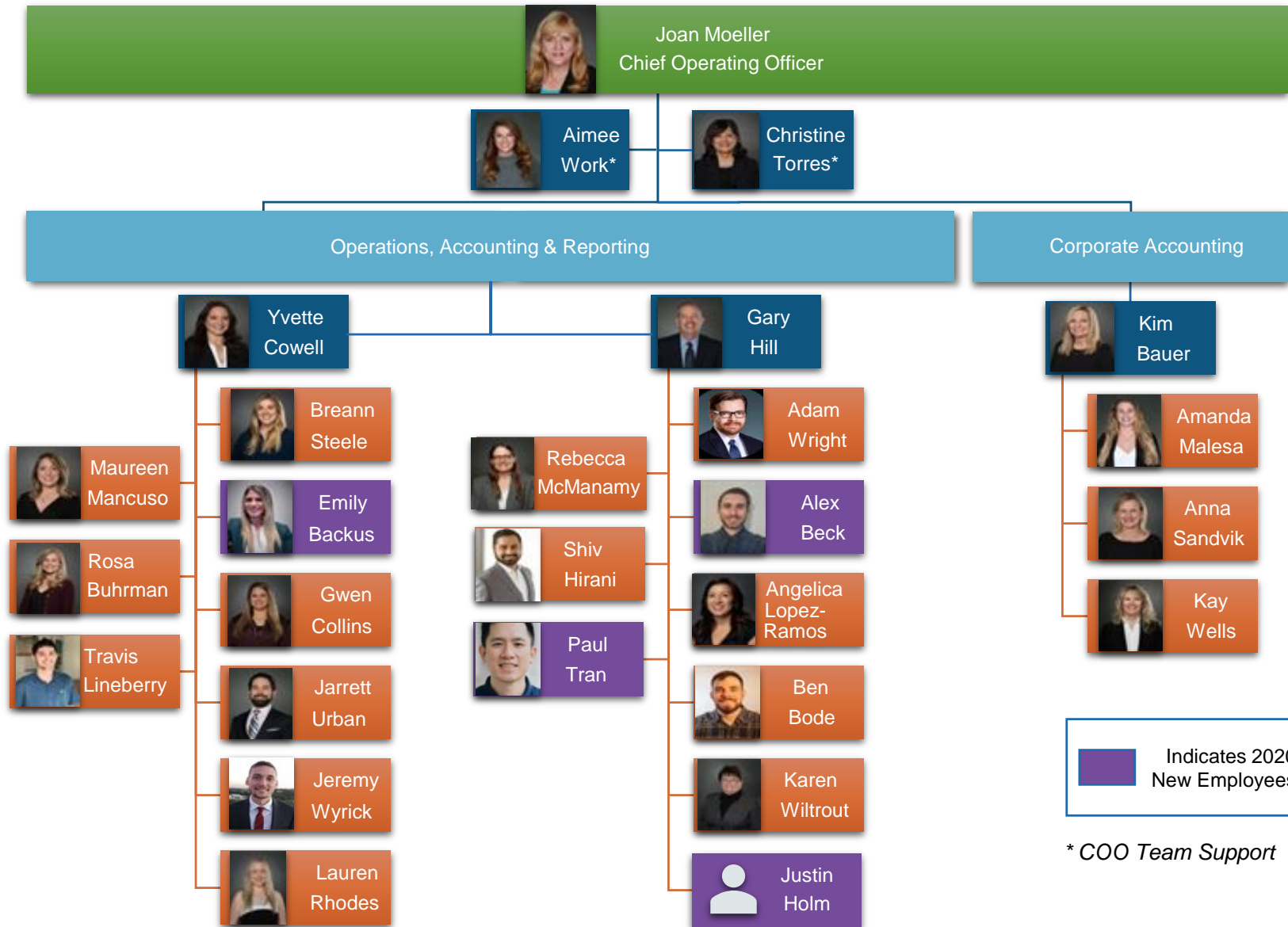


Agenda

- Operations
 - Organization
 - Operations, Accounting and Reporting
 - Corporate Accounting
- Information Services & Security
 - Organization
 - Strategic Imperatives
 - Process Improvements
 - 2020 Successes



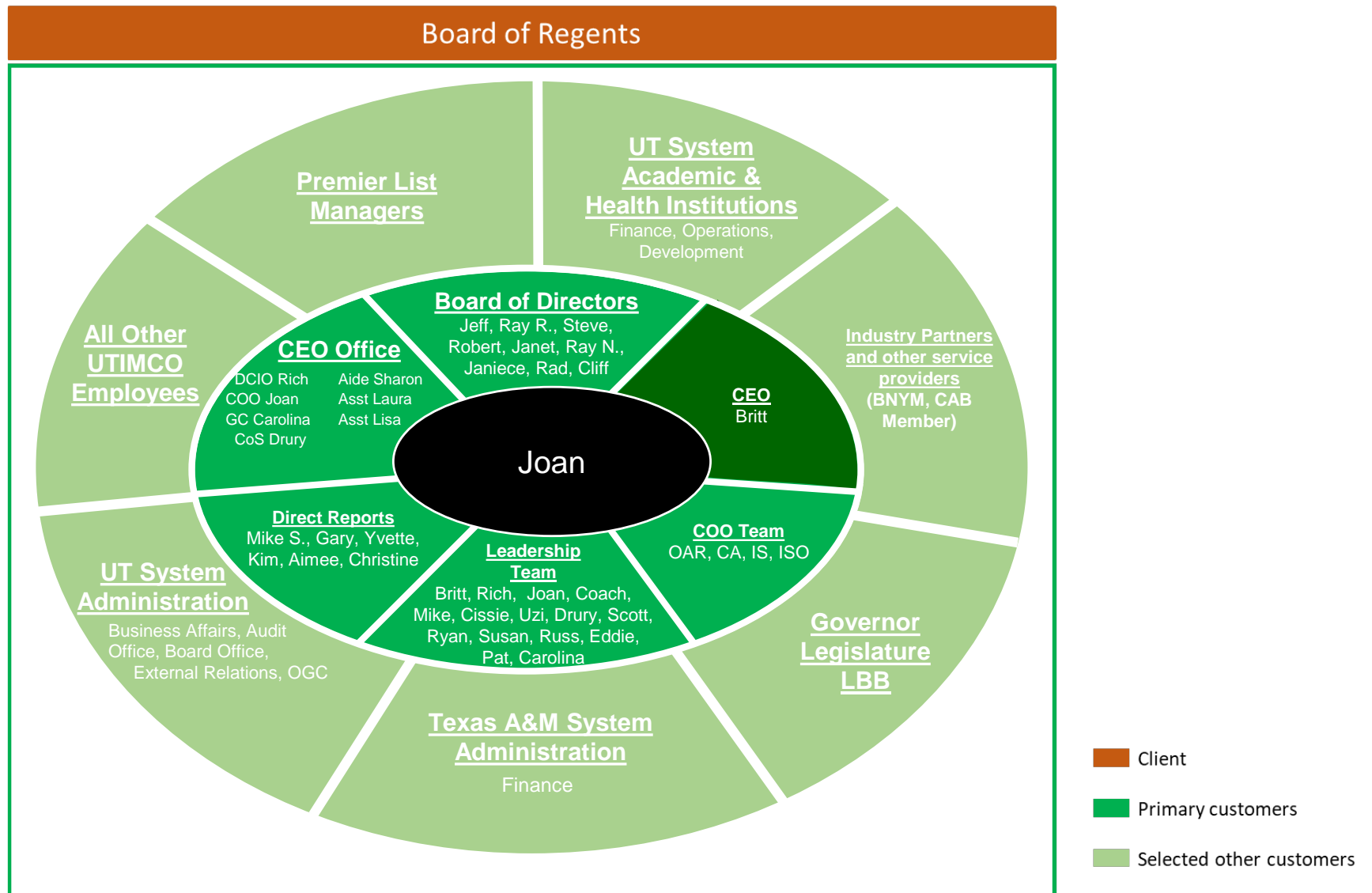
Operations Organization





Customer Chart – Joan Moeller

Client and Customers





Operations, Accounting & Reporting

The team is 20 members led by Gary Hill, Senior Director, and Yvette Cowell, Director

What we do:

- Account for all assets we manage
- Report value and performance information
- Investment Fund Reporting
- Reporting of Individual Endowment Accounts
- Maintain master securities file
- Ops Due Diligence
- Facilitate movements of cash
- Support trading activities
- Document Management
- Provide other support

Who we work with:

- Investment Team
- BNY Mellon – Global Custodian
- External investment managers
- Cambridge Associates
- UT and Texas A&M Systems
- Auditors (External and UT System)
- Development Offices
- Dreyfus
- Legal & Compliance



Corporate Accounting

The team is 4 members led by Kim Bauer, Senior Director

Corporate Accounting is responsible for activities related to UTIMCO corporate business, including:

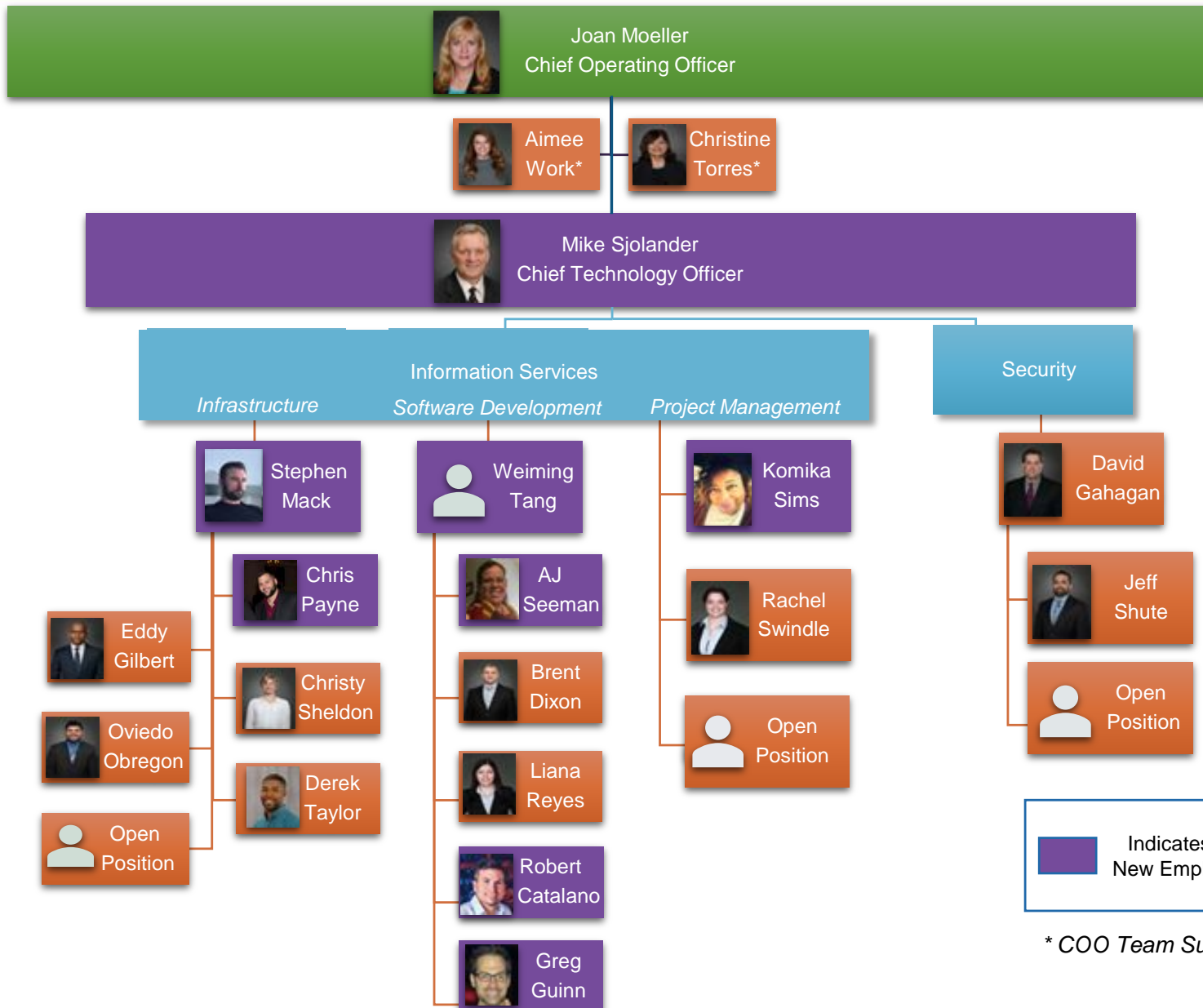
- Corporate Finance
 - General Ledger Accounting
 - Budget
 - Financial Reporting

- Corporate Administration
 - Corporate Travel Coordination
 - Corporate Insurance Management
 - Board of Directors Responsibilities

- Payroll and Benefits (new responsibilities for team)
 - Monthly payroll administration
 - Monthly benefits administration
 - Annual census reporting, discrimination reporting, tax reporting



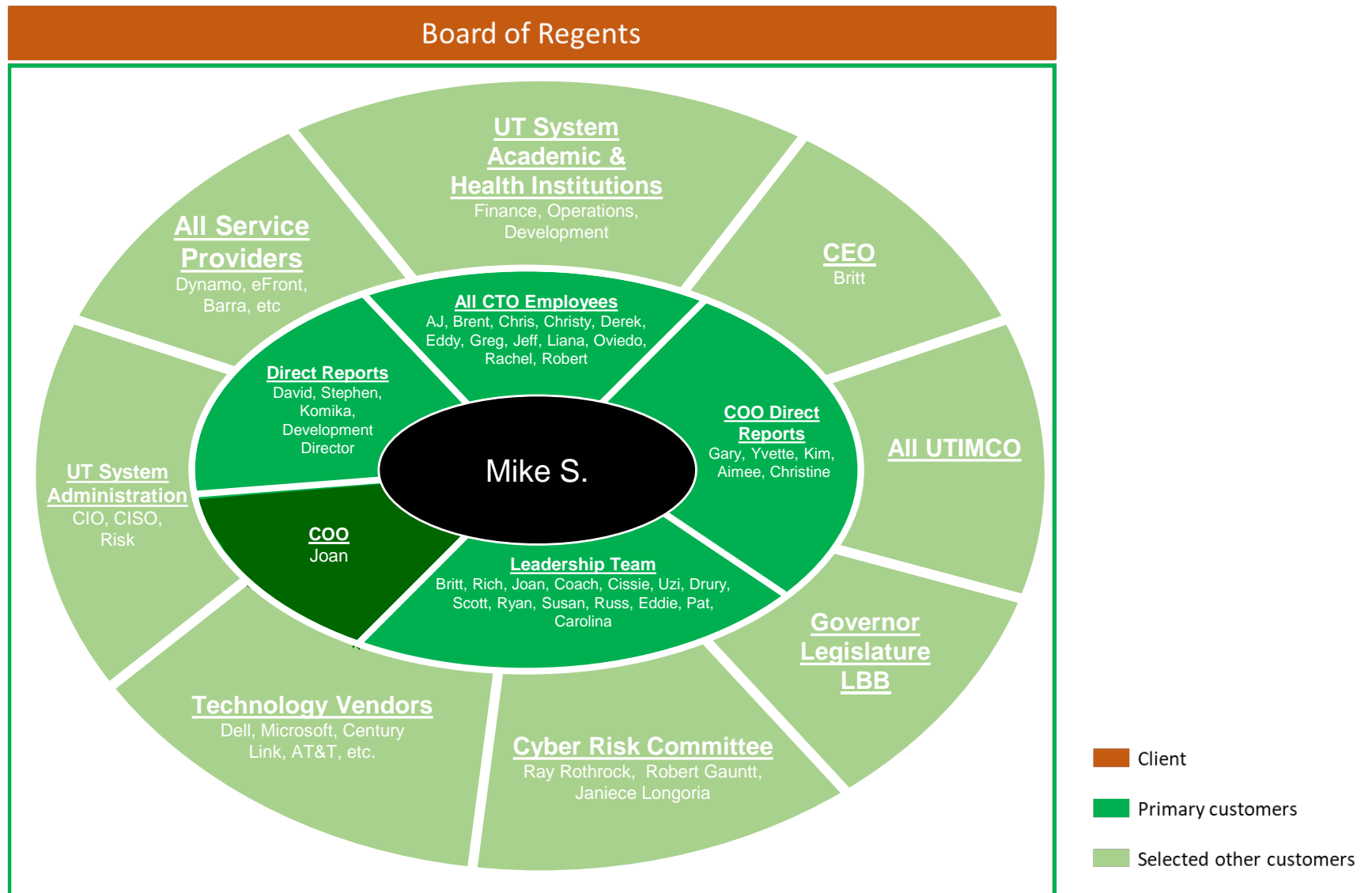
Information Services & Security Organization





Customer Chart – Mike Sjolander

Client and Customers





Strategic Imperatives

Always On, Available Anywhere, Always Secure

Information technology systems should always be available for customers/employees, and the appropriate security measures should always be in place to protect the company. This is the first and foremost responsibility of Information Services & Security.

Advance the Business

We should always align the business strategies and their system needs with technology plans and schedules. This is where we continue to grow the capabilities and competencies in support of the UTIMCO mission.

Keep the Trains Running

Maintaining the infrastructure, tools, and services that run the day to day operations of the business should always be a priority.

Recover the Business

Disaster recovery should work and be exercised regularly. When incorporated into our day to day processes and solutions, the better prepared UTIMCO will be for the unexpected.

Enhance Employee Productivity

Improving the employee experience has many benefits though the greatest is increased productivity.



Process Improvements

- Change Management
- Project Management
- Customer Relationship





2020 Accomplishments

- Enabled Work from Home Through Technology
- Data Center Technology Refresh
- Implemented Cyber Risk Education Campaign
- Completed 40 Security Review / Assessments
- Initiated Project to Design the Information Security Program
- Initiated Project for Business Continuity and Disaster Recovery
- Phone System Replacement



Appendix



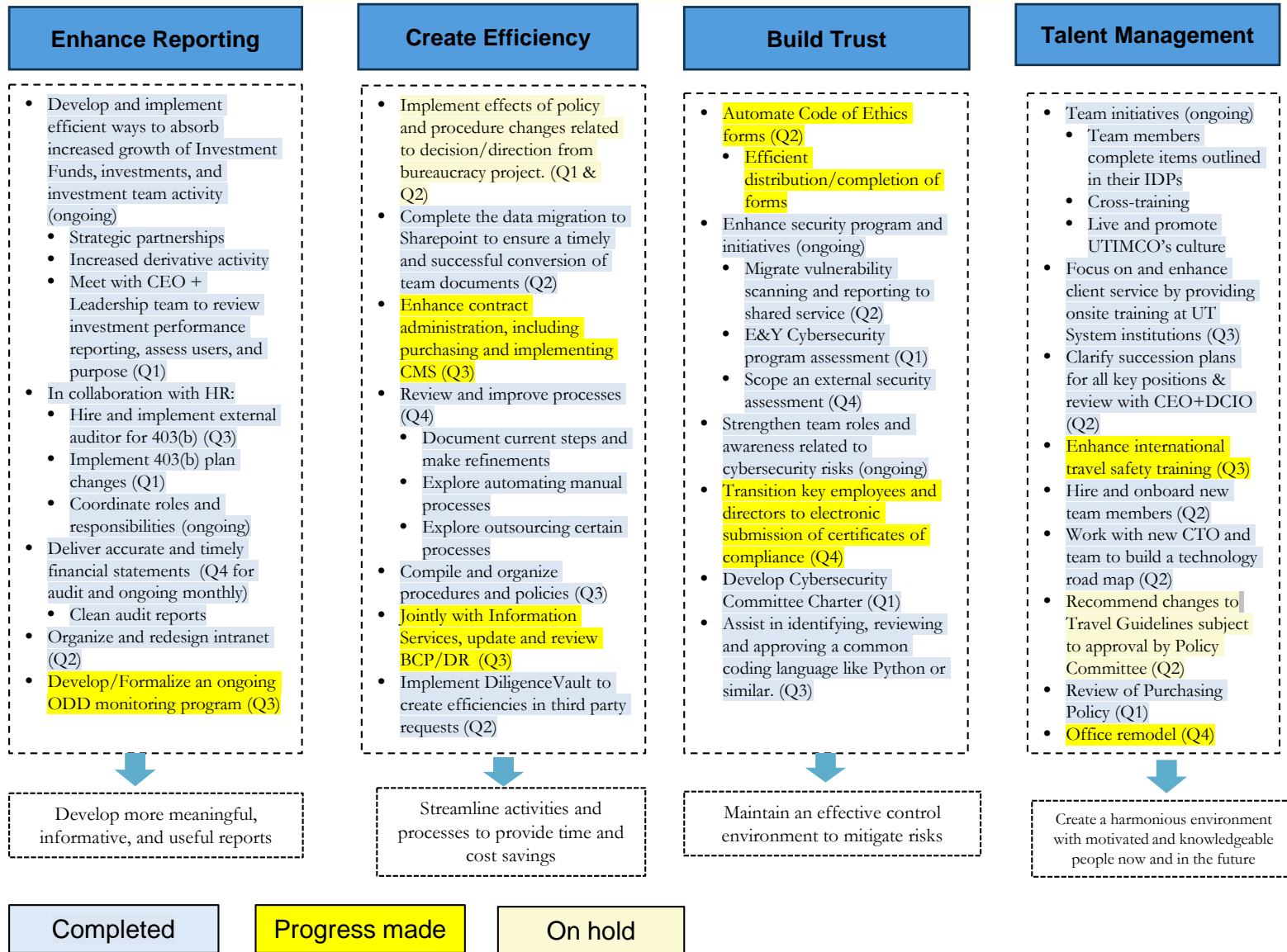


Audits and Reviews

- External Auditing Firm – Deloitte & Touche, LLP
 - Annual Audits of the Investment Funds (7 separate audit reports)
 - PUF, PUF Detail Schedules of Investment Securities, GEF, PHF, LTF, ITF and Performance Statistics
 - Corporate Audits
 - UTIMCO Corporate
 - 403(b) audit
 - Review of Performance Calculations
- UT System Audit Office
 - Variety of audits, reviews and agreed upon procedures (AUP)
 - Next up – Compliance program
 - Recent engagements
 - AUP engagement of Risk Team’s monitoring plan and activities used to monitor key risks
 - Travel and entertainment expenses (2018)
 - UTIMCO Software Development Life Cycle (2018)
 - Separately Managed Accounts (2016)



2020 Operations Action Plan





2020 Information Technology Action Plan

IS Team, Strategy & Processes	Firm Productivity	Security & Reliability	Data & Analytics
<p>Q3 - Increase IS Capacity</p> <ul style="list-style-type: none"> Onboard new CTO, Software Developer, Business Analyst and Infrastructure hire. (HR) Executed agreements with supporting vendors (HR) <p>Q4 - Develop & Adopt Multi-Year IS Strategy</p> <ul style="list-style-type: none"> Strategy ratified by the Leadership Team (LT) <p>Q2 - Refresh Career Path Model for Information Services (HR)</p> <p>Q4 - Process Optimization to Improve Document Management Efficiency</p> <ul style="list-style-type: none"> Evaluate 2+ automation vendors; (LT for budget) Automate document checklists <p>Q4 - Document Additional Critical Processes</p> <ul style="list-style-type: none"> Document 5+ critical processes in Confluence. <p>Quarterly - Review IS Key Projects Quarterly with Leadership Team</p>	<p>Q4 - Remote Access to Applications**</p> <ul style="list-style-type: none"> Reliable and Complete External access to IT resources (InfoSec, Legal) <p>Q4 - SharePoint Deployment</p> <ul style="list-style-type: none"> All teams fully trained and onboarded onto SharePoint (All Teams) <p>Q4 - Deliver High-Impact Software Development Projects</p> <ul style="list-style-type: none"> Deliver 4+ high-Impact Development Projects (as defined by Leadership Team) (LT, Ops) Automate Code of Ethics Forms Enable Process Optimization in Ops <p>Q4 - Rusty Pipes Pilot**</p> <ul style="list-style-type: none"> Migrate 2+ legacy applications to a modern platform. (InfoSec, Ops) <p>Q4 - Support Office Reconfig</p> <p>Q2 - Organize & Redesign Intranet**</p>	<p>Q2 - Role-Based Access Control (RBAC)</p> <ul style="list-style-type: none"> UT Audit confirmation that IT and InfoSec permissions are appropriately separated. (InfoSec) <p>Q4 - Identify Replacement for Server Hardware (Physical or Cloud)</p> <ul style="list-style-type: none"> Decision on Cloud vs. On-Premise & architecture design complete (LT, InfoSec) <p>Q4 - Identify, Evaluate and Select Phone System Replacement</p> <ul style="list-style-type: none"> Strategy ratified by the Leadership Team (LT) <p>Q4 - Review & Recommend Updated Disaster Recovery Plan</p> <ul style="list-style-type: none"> Strategy ratified by the Leadership Team (LT, InfoSec, Compliance) 	<p>Q4 - Support External Software Implementations (eFront, DiligenceVault, Risk System, RiskMetrics, CMS Platform, etc)</p> <ul style="list-style-type: none"> Provide project management, data acquisition, data validation, data integration and software development support. (Private Equity, Risk, Legal, ODD) <p>Ongoing - Retain Business Critical Documents</p> <ul style="list-style-type: none"> Process >99% of incoming documents < 48 hours <p>Q4 - Adopt New Records Retention Procedure & Process</p> <ul style="list-style-type: none"> Document Management executing Retention process on ongoing basis.(All Teams) <p>Q3 - Make Python/R Available to All Teams**</p>
Higher Functioning Information Services Team	10% UTMCO Productivity Increase	99%+ Availability & Reliability	Improved Data Management, Analytics & Reporting
<p>• Bullets = Success Criteria (Team Alignment in Parentheses) **Stretch Goal</p>			

Completed

Progress made

On hold

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Human Resources Presentation

Developed By: Dean

Presented By: Dean

Type of Item: Information Item

Description: Mr. Dean will report on 2020 HR initiatives.

Reference: *Human Resources Update* presentation



Human Resources Update

Michael Dean, Managing Director – Human Resources

December 10, 2020



Human Resources Scorecard

THE YEAR OF DEVELOPMENT

Human Resources 2020 Scorecard

Category	Metrics	Rating	Details
1. Recruiting & Onboarding	# of hires # onboarded	Green	Hired and onboarded 20 new people since January. Utilizing remote onboarding. On track with the strategic staffing plan.
2. Retention	# of exits % turnover	Green	13% overall turnover that includes voluntary and involuntary exits. Compares favorably with 16-18% turnover in financial services sector for 2019.
3. Training and Development	# of training hours	Green	Total training hours: Leadership Development Program = 2,080 – Learning Institute = 2,745. IDPs for all employees were enhanced for 2020. Executive Coaching started for R Hall and J Moeller. R Ruebsahm and S Chen start in Q1 2021.
4. Culture Building	Survey results D&I results	Green	Servant Leadership model implemented and being operationalized. Launching Diversity and Inclusion strategy.
5. Productivity and Performance	Results Productivity	Green	Continue to experience an increase in working hours – replacing commute times. Sustained exceptional performance despite significant market and social disruption.
6. Organizational Health and Wellness	Survey results	Yellow	Survey results identified 35% of the workforce dealing with some level of stress and anxiety. Launched a “Beat the Virus” initiative to maintain connection and awareness.
7. Communication Effectiveness	Survey results	Green	Increased frequency and quality of communication at the team and organizational level. Utilizing surveys and pulse checks to monitor status.
8. Employee Engagement	Survey results	Yellow	Levels are good but the impact of the duration of working from home is an ongoing concern. 10-15% of workforce is working in the office regularly.
9. Organizational Resilience and Agility	Process effectiveness	Green	Strength of UTIMCO and leadership impact. No disruption in talent management processes.
10. Innovation	# of successful initiatives	Green	TAA, SPN, Risk Management System, Co-investment partner, 360, ODD and Servant Leadership. Ongoing process improvement is a 2021 priority.

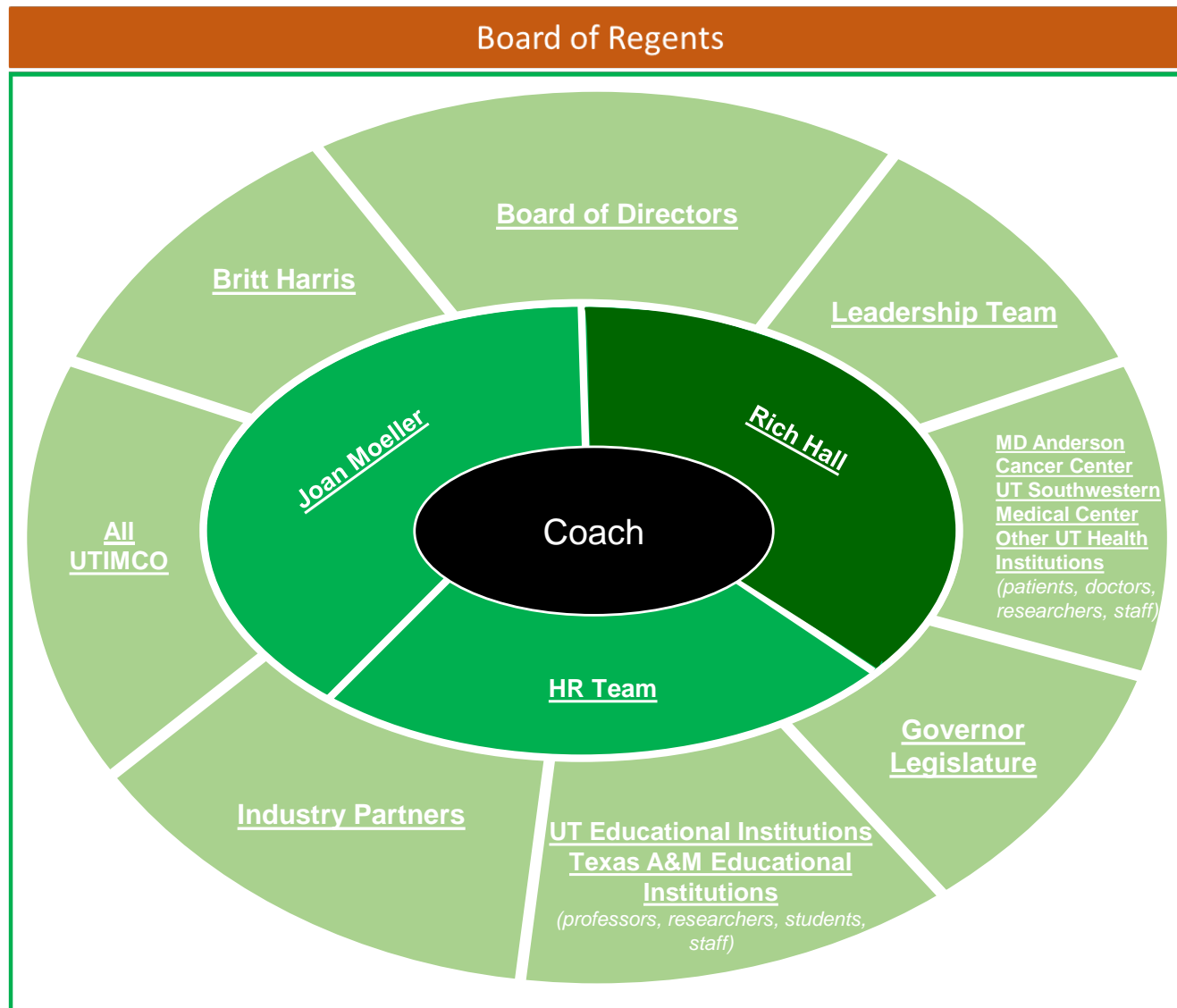
Appendix





Customer Chart – Coach

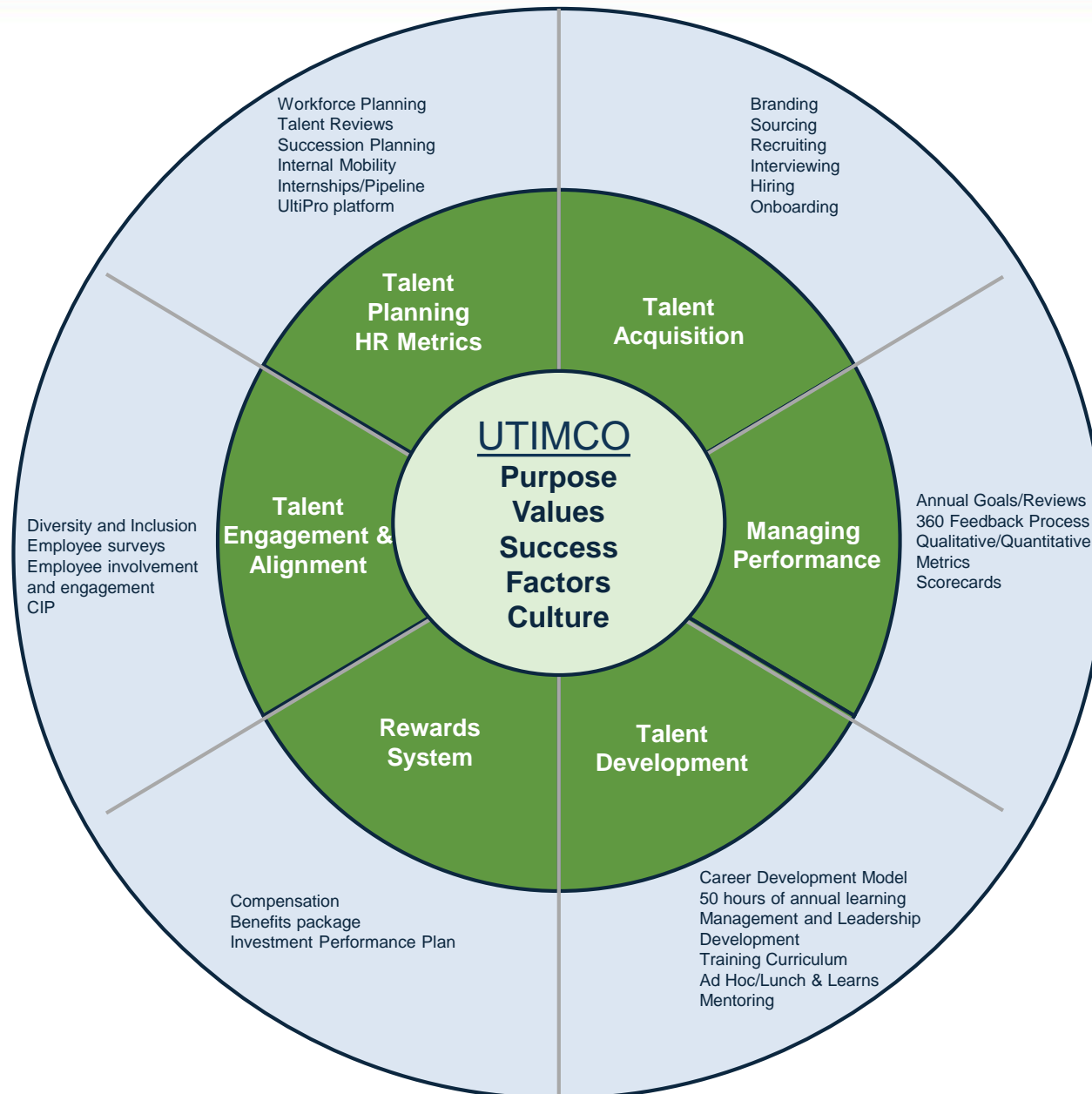
Client and Customers



- Client
- Primary customers
- Selected other customers



Talent Management Model





2020 Talent Management Highlights

TALENT ACQUISITION & RETENTION

- Hiring
 - 22 new hires – 9 investment, 12 support and 1 admin
 - Executive and senior hires
 - General Counsel – Carolina de Onis
 - CTO – Mike Sjolander
 - Director of IT Infrastructure – Stephen Mack
 - Director of Development – Weiming Tang
 - Director of ODD – Justin Holm
 - 6 internal transfers
 - 15 interns
- Retention
 - 2020 = 13% turnover rate
 - 10% voluntary
 - 3% involuntary



2020 Talent Development Highlights

LEARNING & DEVELOPMENT PRIORITIES

- Learning Institute
 - 7 programs – 77.5 hours
 - 34 average attendees
- Leadership Development Program
 - 9 modules – 10 days – 80 total hours (30 hours > 50 hour target)
 - 26 selected participants
- Individual Development Plans
 - Needs analysis – Using the IDPs to drive the training offerings for 2021
- Executive Coaching
 - Current
 - Rich Hall
 - Joan Moeller
 - Q1 2021
 - Ryan Ruebsahm
 - Susan Chen



Leadership Development Program

EIGHT WORKSHOPS COMPLETED – 30 HOURS ABOVE TARGET

2020 - 2021	Title	Instructor	Source
February 4-5, 2020	Managing Yourself & Leading Others	Margaret Andrews	Harvard – MIT
March 10-11, 2020	Ambidextrous Communications	Dr. Ethan Burriss	UT McCombs
May 27-28, 2020 (Virtual – ZOOM)	Leading High-Performance Teams	Dr. John Daly	UT McCombs
July 8, 2020 (Virtual - ZOOM)	The Challenge of Leadership – Leading Leaders	Britt Harris and Rich Hall	UTIMCO
August 3-5, 2020 (Virtual – ZOOM)	Leading Change and Innovation	Dr. Luis Martins	UT McCombs
September 22-23, 2020 (Virtual – ZOOM)	Leading with Emotional Intelligence	Margaret Andrews	Harvard – MIT
October 7-8, 15-16, 2020 (Virtual – ZOOM)	Negotiation Skills	Dr. Gaylen Paulson Dr. Janet Dukerich	UT McCombs
October 29, 2020	LDP Capstone Event	Mike Dean	UTIMCO via Teams
June 16-18 (Reschedule to Jan. or Feb)	Present with Intent	Nick Dalley	Intentional Communications
March 5, 2021	Lessons from LBL	Dr. Gaylen Paulson	UT McCombs



Summary of Modules

SEQUENCING AND SCHEDULE CHANGED DUE TO COVID

February – Managing Yourself and Others – Margaret Andrews

- What got you here won't get you there
- Understanding /managing oneself – MBTI deep dive
- Why do Managers derail? Managing organizational context
- Stakeholder analysis framework

March – Ambidextrous Communications – Ethan Burriss

- Using emotional intelligence to lead – MSCI instrument
- Handling tough leadership issues – Case Study
- Influence management
- Communication Case Studies – Wolfgang Keller

May – Leading High-Performance Teams – John Daley

- Recruiting the right people for the job
- Effective Teams exercises – Case Studies
- Setting effective performance goals
- Applying the performance appraisal process effectively
- Motivate the workforce of today and tomorrow



Summary of Modules

TWO MODULES PUSHED INTO 2021

July – The Challenges of Servant Leadership – Britt Harris and Rich Hall

- Leadership Challenges & Strategies
- Developing a UTIMCO Servant Leadership Model
- Leading in a time of crisis

August – Leading Change and Innovation – Louis Martins

- Why great companies disappear
- The innovation dilemma – Case Studies
- Principles for change leadership
- Resistance to change
- What it takes to create readiness for change

September – Leading with Emotional Intelligence – Margaret Andrews

- Emotional Intelligence Assessment – Talent Smart
- Intention vs. impact
- Coaching and Feedback
- Using EQ for problem solving

October – Negotiation Skills – Gaylen Paulsen and Janet Dukerich

- Reaching high quality deals – BATNA Exercise
- Planning effectively for negotiation – Exercise - ZOPA model
- Capitalizing on similarities and differences – Exercise
- Overcoming mental sets and cognitive effectiveness – Distribution rules
- Conflict management – Thomas Kilman conflict model



Learning Institute

SEVEN PROGRAMS COMPLETED

2020 - 2021	Title	Instructor(s)	Source	Attendance
February 20, 2020	Strategic Information Gathering	Kathy Miritello & Kevin Yen	Business Intelligence Alliance	20
July 17, 2020	Presentation Skills	Dr. Melissa Murphy	UT McCombs	28
September 14, 2020	Influencing Skills	Dr. John Daly	UT McCombs	30
September 17, 2020	Personal Effectiveness	Britt Harris	UTIMCO	76
Oct. 13-15 / 19-22, 2020	Python	Dr. Ra Inta	Accelebrate	14
November 9-10, 2020 8AM – Noon	Effective Time Management & Life Leadership	Jennifer Lazarow	UT Professional Ed	35
November 11-12, 2020	Financial Modeling	Training the Street	Training the Street	12-15
Reschedule to 2021	Understanding Yourself & Others (MBTI)	Nick Grant	UT McCombs	TBD
Reschedule to 2021	Coaching with Impact	Ethan Burriss	UT McCombs	TBD
February 9, 2021	Communication Skills	Trey Guinn	UT McCombs	TBD

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Report from Audit and Ethics Committee: (1) Discussion and Appropriate Action Related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and the Statement of Investment Performance Statistics for the year ended August 31, 2020; and (2) Discussion and Appropriate Action Related to the UTIMCO Board Ratification of Contracts

Developed By: Moeller, Hill, Gonzalez

Presented By: Handley

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

Description: The Audit and Ethics Committee (“Committee”) met on December 1, 2020. The Committee’s agenda included the following: (1) discussion and appropriate action related to minutes of its September 3, 2020 meeting; (2) discussion and appropriate action related to Deloitte & Touche LLP’s Audit Results and Communications; (3) discussion and appropriate action related to the audit reports of the Permanent University Fund (“PUF”), The University of Texas General Endowment Fund (“GEF”), the Permanent Health Fund (“PHF”), The University of Texas System Long Term Fund (“LTF”), The University of Texas System Intermediate Term Fund (“ITF”), and the Statement of Investment Performance Statistics for the year ended August 31, 2020; (4) an update on UTIMCO’s compliance, reporting and audit matters; and (5) discussion and appropriate action related to the Corporate Counsel and Chief Compliance Officer’s Performance Award for the Performance Period ended June 30, 2020. The Committee convened in Executive Session for the purpose of deliberating individual personnel evaluation matters and individual compensation matters related to the Corporate Counsel and Chief Compliance Officer.

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

The Committee took action related to the performance award for the performance period ended June 30, 2020, for the Corporate Counsel and Chief Compliance Officer. Routine activities of the Committee included a report from Ms. Gonzalez related to the quarterly and annual compliance reports.

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

The Delegation of Authority Policy (“Policy”) delegates to the CEO the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditor) for a total obligation of \$1 million or less during the contract term. The Policy requires that new contracts, leases, and other arrangements of \$250,000 or more be reported to the UTIMCO Board at its next scheduled meeting, and, annually, all existing contracts, leases, and other arrangements of \$250,000 or more must be reported to the UTIMCO Board. The report is included in this section and Ms. Gonzalez provided an update of the Contract Report. The Committee directed that the UTIMCO Team seek ratification by the UTIMCO Board of the Bloomberg contracts since in total the contracts now exceeds \$1 million per year. Although Bloomberg has been a service provider for many years, this is the first year that the annual costs exceed \$1 million. Bloomberg provides a variety of services including Core AIM and subscriptions, an all-in-one investment platform for trading, analysis and information. Other services are data licenses, disaster recovery, network access fees, POMS access fees, fixed income entitlements, and SWIFT. Subscription costs are \$712k and are based on number of users. The remainder of the services purchased is approximately \$306k annually.

Recommendation: The Committee will recommend that the UTIMCO Board (1) approve the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the audited financial statements of the PUF, GEF, PHF, LTF, ITF, and the Statement of Investment Performance Statistics for the year ended August 31, 2020; and (2) ratify the Bloomberg contracts.

Reference: Deloitte & Touche LLP’s Financial Statement Audit Results and Communications
Institutional Compliance Program Annual Report and Action Plans
Contract Report

**RESOLUTIONS RELATED TO AUDITS OF THE INVESTMENT FUNDS
FOR FISCAL YEAR 2020**

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2020, be, and is hereby approved in the form as presented to the Board; and

FURTHER RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund each for the fiscal years ended August 31, 2020, and August 31, 2019, and the Statement of Investment Performance Statistics for the year ended August 31, 2020, be, and are hereby approved in the form as presented to the Board.

RESOLUTION REGARDING BLOOMBERG CONTRACTS

WHEREAS, the Delegation of Authority Policy delegates to the UTIMCO Chief Executive Officer the authority to execute on 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 of \$1 million or less during the contract term; and

WHEREAS, Bloomberg has provided various services to UTIMCO under several different contracts for many years for a combined total cost less than \$1 million; and

WHEREAS, upon entering into a contract for new services with Bloomberg, UTIMCO discovered the combined contracts will exceed the delegated authority of \$1 million during fiscal year 2020-2021 and reported same to the Audit and Ethics Committee; and

WHEREAS, as directed by the Audit and Ethics Committee, UTIMCO requests the UTIMCO Board ratify the combined contracts with Bloomberg, if the UTIMCO Board deems appropriate.

NOW, THEREFORE, be it:

RESOLVED that the contracts entered into between the Corporation and Bloomberg are hereby ratified, confirmed, approved and adopted.

FURTHER RESOLVED, that the CEO and Chief Investment Officer, President and Deputy CIO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, in the name and on behalf of the Corporation, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolution and to perform the obligations of this Corporation under the Agreement.



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October 30, 2020

Mr. Britt Harris
President, CEO and Chief Investment Officer
The University of Texas/Texas A&M Investment Management Company

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

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

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

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

We have performed audits of the financial statements of the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, and The University of Texas System Intermediate Term Fund (collectively, the "Funds") as of and for the year ended August 31, 2020 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our reports thereon dated October 30, 2020.

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

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

Yours truly,

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in the contract dated June 30, 2016 (Exhibit-A, Section-C) and amended May 29, 2020. As described in Exhibit-A, Section-C, and in line with Exhibit-B, Section-B within the amendment, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Funds' financial statements for the year ended August 31, 2020, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audits of the financial statements do not relieve management or the Board of their responsibilities.

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 considered internal control over financial reporting relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Significant Accounting Policies

The Funds' significant accounting policies are set forth in the notes to the Funds' 2020 financial statements. We have evaluated the significant qualitative aspects of the Funds' accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Funds' 2020 financial statements include valuation of certain investments which are specifically the Funds' investments in hedge funds, private investments, and private placements whose fair values have been estimated by management using the practical expedient.

Management's estimates are based on financial information from the underlying funds provided at various interim dates during the year, other information from the underlying funds, as well as information from other relevant sources. This valuation process is reasonable based on the requirements of generally accepted accounting principles when applying the practical expedient for investments in entities that report a net asset value, or its equivalent. We understand that management has provided you with details regarding the process used in formulating these estimates.

Although management believes the accounting estimates reflected in the Funds' 2020 financial statements are reasonable, there can be no assurances that the Funds could ultimately realize these values.

Uncorrected Misstatements

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

Material Corrected Misstatements

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

Other Information in the Annual Report to Shareholders

The audited financial statements include documents containing the following other information:

- Management Discussion & Analysis – **All Funds**
- Supplemental Schedules
 - Schedule of Changes in Cost of Investments and Investment Income – **PUF only**
 - Financial Highlights – **GEF, ITF, LTF, and PHF**

We read such other information and considered whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We have read the other information in the Funds' financial statements and have inquired as to the methods of measurement and presentation of such information. We did not note any material inconsistencies or obtain knowledge of a material misstatement of fact in the other information.

Disagreements with Management

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

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

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2020.

Significant Findings or Issues Discussed, or Subject of Correspondence, with Management Prior to Our Initial Engagement or Retention

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

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

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

Significant Difficulties Encountered in Performing the Audits

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

Management's Representations

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

Emphasis-of-Matter Paragraphs

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

1. As discussed in Note 1, the financial statements of the Funds are intended only to present the net position of the Funds as of August 31, 2020 and 2019, and the changes in its net position for the years then ended in conformity with accounting principles generally accepted in the United States and do not purport to, and do not, present the consolidated net position of The University of Texas System, as of August 31, 2020 or 2019, or the changes in its consolidated net positions for the years then ended – **Applicable to all Funds**
2. Also, the financial statements of the PUF includes only the investment related assets and liabilities and changes therein which are being managed by The University of Texas/Texas A&M Investment Management Company and does not include the 2.1 million acres of land discussed in Note 1. – **Applicable to PUF only**

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

Other-Matter Paragraphs

We included the following other matter in our opinion on the financial statements for all the Funds:

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as indicated, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

* * * * *

Appendix A – Signed Management Representation Letter



October 30, 2020

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

We are providing this letter in connection with your audits of the financial statements of the entities listed in Appendix A (the "Funds") which comprise the statements of net position as of August 31, 2020 and August 31, 2019, and the related statements of changes in net position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position and the changes in the net position of the Funds in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

We are also providing this letter in conjunction with your audits of the detailed schedules of investment securities of the Permanent University Fund (the "PUF") as of August 31, 2020 and the statement of investment performance statistics for the Funds for the year ended August 31, 2020.

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the financial statements of financial position and changes in net position are in accordance with GAAP
- b. The investment performance statistics of the Funds have been computed net of investment management fees using the Modified Dietz Method. The formula for the Modified Dietz Method is shown in Appendix B.
- c. The preparation and fair presentation of the supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements
- d. The design, implementation, and maintenance of internal control:
 - Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - To prevent and detect fraud

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

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

1. The financial statements referred to above are fairly presented in accordance with GAAP.
2. The Funds have made available to you:
 - a. All relevant information and access as agreed in the terms of the contract entered into by The University of Texas System, dated June 30, 2016 and amended May 29, 2020.
 - b. All financial records and related data
 - c. All minutes of the meetings of directors/trustees and committees of directors/trustees; or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - d. Information relating to the Funds' compliance with all statutes, laws, or regulations that have a direct effect on our financial statements
 - e. All new or revised governance documents and agreements.
3. There have been no communications with regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
4. The Funds have disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.
5. We have no knowledge of any fraud or suspected fraud affecting the Funds involving:
 - a. Management
 - b. Employees of The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the Funds' investment manager, who have significant roles in the Funds' internal control
 - c. Others where the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Funds' financial statements communicated by UTIMCO employees, former UTIMCO employees, analysts, regulators, or others.
7. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*.

8. All investments during the period were made in accordance with the Funds' respective investment policies.
9. Significant assumptions used by us in making accounting estimates are reasonable.
10. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.

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

11. There are no transactions that have not been properly recorded and reflected in the financial statements.
12. The Funds have no plans or intentions that may affect the carrying value or classification of assets and liabilities.
13. We have disclosed to you any change in the Funds' internal control over financial reporting that occurred during the Funds' 2020 fiscal year that has materially affected, or is reasonably likely to materially affect, the Funds' internal control over financial reporting.
14. The Funds have identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.
15. With regard to the fair value measurements and disclosures of certain assets and liabilities, we believe that:
 - a. Portfolio securities are stated at fair value as determined in accordance with the valuation method set forth in the Funds' respective investment policies
 - b. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied in accordance with GAAP
 - c. The completeness and adequacy of the disclosures related to fair values are in accordance with GAAP
 - d. No events have occurred subsequent to August 31, 2020 that require adjustment to the fair value measurements and disclosures included in the financial statements.
16. Private investment funds are fair valued by management. The fair values of these investments are estimated by management using the individual private investment fund's capital account balance at the closest available reporting period, as communicated by the investment fund's general partner or investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting period as well as consideration of any other information which has been provided. In rare cases the private market funds are valued at cost but only when management considers it to be the best approximation of fair value. We have considered any information communicated by an individual investment fund's general

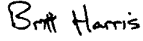
partner or investment manager necessary through October 30, 2020, and no adjustments were considered necessary to the valuation reported as of August 31, 2020.

17. The following, to the extent applicable, have been appropriately identified, properly accounted for, and disclosed in the financial statements:
 - a. Related parties and all the related-party relationships and transactions of which the Funds are aware, including fees, commissions, sales, purchases, loans, transfers, leasing arrangements, side agreements, and guarantees (written or oral)
 - b. Restricted securities that may not be publicly sold without registration under the federal Securities Act of 1933
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line-of-credit, or similar arrangements
 - d. All derivative financial instruments (e.g., futures, options, swaps), including bank loan commitments and other outstanding commitments to purchase or sell securities under forward placement and standby commitments
 - e. Financial instruments with significant individual or group concentration of credit risk, whether from an individual counterparty or group of counterparties
 - f. The amounts receivable from or payable to related parties
 - g. Guarantees, whether written or oral, under which the Funds are contingently liable (e.g., shortfall agreements)
 - h. Financial support that the Funds have provided during the period presented to an investee, whether contractually required to do so or not, as well as financial support that the Funds have not yet provided but is contractually required to provide to an investee.
18. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.
19. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements
 - b. The concentration makes the Funds vulnerable to the risk of a near-term severe impact

- c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
20. There are no:
- a. Instances of identified or suspected noncompliance with laws or regulations whose effects should be considered when preparing the financial statements
 - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed under GASB Codification Section C50, *Claims and Judgment*
 - d. Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
21. The Funds have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except for those disclosed in the financial statements.
22. The Funds have complied with all aspects of contractual agreements that may affect the financial statements.
23. Regarding the required supplementary information of the Funds, i.e. the Management's Discussion and Analysis (the "MD&A"):
- a. We confirm that we are responsible for the MD&A
 - b. The MD&A is measured and presented in accordance with GASB
 - c. The methods of presentation of the MD&A have not changed from those used in the prior period.
24. Regarding the required supplemental schedule of the PUF, i.e. the Schedule of Changes in Cost of Investments and Investment Income:
- a. We confirm that we are responsible for the Schedule of Changes in Cost of Investments and Investment Income of the PUF
 - b. The Schedule of Changes in Cost of Investments and Investment Income of the PUF is measured and presented in accordance with Section 66.05 of the Texas Education Code
 - c. The methods of presentation of the Schedule of Changes in Cost of Investments and Investment Income of the PUF have not changed from those used in the prior period
25. Regarding the supplementary information for the Funds, i.e. the Financial Highlights, as applicable:
- a. We are responsible for preparation and fair presentation of the supplementary information

- b. We believe the supplementary information, including its form and content, is fairly presented
 - c. The methods of presentation of the Financial Highlights, as applicable, have not changed from those used in the prior period.
26. Regarding the required supplemental schedule of the PUF, i.e. the Detail Schedules of Investment Securities:
- a. We confirm that we are responsible for the Detail Schedules of Investment Securities of the PUF
 - b. The Detail Schedules of Investment Securities of the PUF is prepared in accordance with Section 66.05 of the Texas Education Code
 - c. The Detail Schedules of Investment Securities take into consideration the provisions of Government Code Section 552.143(c) which identifies the names of certain direct investments held by the PUF as confidential.
 - d. The methods of presentation of the Detailed Schedules of Investment Securities of the PUF have not changed from those used in the prior period.
27. UTIMCO as investment manager of the Funds under the control and management of the UT Board, entered into a security purchase agreement with the UT Board. The agreement committed the Funds to purchase UT System notes and bonds outstanding up to \$3,849,140,000. The PUF also has an agreement with the Texas A&M University System Board of Regents which commits the PUF to acquire up to \$125,000,000 of Texas A&M System flexible rate notes in the event of a failed remarketing of such notes. No UT System notes and bonds or Texas A&M System flexible rate notes have been or are expected to be purchased by the Funds under their required purchase commitment.
28. None of the entities which have borrowed from the Funds, subject to their securities lending programs, have defaulted during the year ended August 31, 2020.
29. In conjunction with the Funds' investments in the private investment and hedge fund pools, there are no instances where the Funds would be required to assume additional commitment responsibility should other limited partners or shareholders default on their own commitments.
30. As of August 31, 2020, the Funds do not have any deposits or investments that are exposed to custodial credit risk.
31. No events have occurred after August 31, 2020, but before October 30, 2020, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

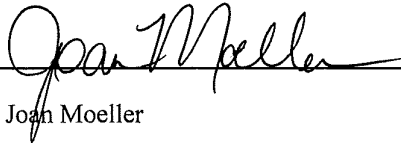
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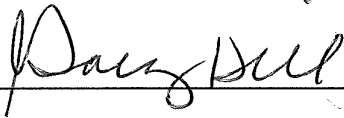
Britt Harris

Chief Executive Officer and Chief Investment officer



Joan Moeller

Senior Managing Director and Chief Operating Officer



Gary Hill

Senior Director – Accounting

APPENDIX A

Entity Name	Materiality Limit
Permanent University Fund (“PUF”)	\$ 11,541,000
The University of Texas System General Endowment Fund (“GEF”)	11,541,000
The University of Texas System Long Term Fund (“LTF”)	11,541,000
Permanent Health Fund (“PHF”)	3,000,000
The University of Texas System Intermediate Term Fund (“ITF”)	11,541,000

FORMULA FOR MODIFIED DIETZ METHOD

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

$$R_{DIETZ} = \frac{\text{Gross of Fees}}{MVB + FW} = \frac{MVE - MVB - F}{MVB + FW}$$

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

where

MVB is the fair value at the beginning of the period, including accrued income from the previous period;

MVE is the fair value at the end of the period, including accrued income for the period;

F is the sum of the cash flows within the period (contributions to the portfolio are positive flows, and withdrawals or distributions are negative flows);

FW is the sum of each cash flow, F_i , multiplied by its weight, W_i ; and

$FEES$ is the sum of investment management fees paid during the period.

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

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

where

CD is the total number of days in the period; and

D_i is the number of days since the beginning of the period in which cash flow F_i occurred.

ANNUAL REPORT
INSTITUTIONAL COMPLIANCE PROGRAM

**The University of Texas/Texas A&M Investment Management Company
Institutional Compliance Program Report
for the Year Ended
August 31, 2020**

Section I – Organizational Matters

- Beginning March 12, 2020, and continuing through August, UTIMCO, UT System Administration, and most of our partners and counterparties, closed their offices in response to the COVID-19 global pandemic. UTIMCO immediately established a C-19 Task Force to monitor the global pandemic and make recommendations to the Leadership Team and employees to ensure the safety of employees and continuity of business. All critical UTIMCO functions continued uninterrupted during this period.
- Four meetings of the Ethics and Compliance Committee were held during the year: October 31, 2019; January 29, 2020, April 21, 2020, August 6, 2020.
- Patrick Pace, M.D., was promoted to Managing Director – Private Equity effective September 1, 2019.
- Mike Sjolander was hired as Chief Technology Officer effective March 2, 2020.
- Carolina de Onis was hired as General Counsel effective August 31, 2020.

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

High-Risk Area #1: Investment Due Diligence

Responsible Party: Managing Director – Public Equity; Managing Director – Fixed Income; Managing Director – Hedge Funds; Managing Director – Real Return; Managing Director – Private Equity; Senior Director – Strategic Partners

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 Equity: The Public Equity Team participated in 108 meetings/calls with potential managers. Serious due diligence was initiated on four new mandates. One new mandate was completed. Ongoing review of active external managers included 190 meetings/calls. Additional efforts included monthly performance tracking, reviews and analyses by the team and participation in nine annual meetings.

Fixed Income: The Fixed Income Team participated in eight meetings/calls with potential managers. Ongoing review of active external managers included 37 meetings/calls. No serious due diligence was initiated on any mandates. No new mandate was completed.

Hedge Funds: The Hedge Funds Team participated in 85 meetings/calls with potential managers. Serious due diligence was initiated on eight new mandates. Eight new mandates were completed. Ongoing review of active external managers was conducted in the form of 253 meetings/calls/site visits. Additional efforts included monthly performance tracking, reviews and analyses by the team.

Real Return: The Real Return Team participated in 283 meetings/calls with potential managers. Serious due diligence was initiated on 14 new mandates and five existing mandates. Fifteen new mandates were

completed. Two additions to existing mandates were completed. Ongoing review of active external managers included 412 meetings/calls. Additional efforts included participation in 32 annual meetings.

Private Equity: The Private Equity Team participated in 203 meetings/calls with potential managers. Serious due diligence was initiated on 18 new mandates and two existing mandates. Thirty new mandates were completed. There were two additions to existing mandates. Ongoing review of active external managers included 222 meetings/calls. Additional efforts included participation in 61 annual meetings.

Strategic Partners: The Strategic Partners Team participated in thirteen meetings/calls with potential managers. Two new mandates were completed. Ongoing review of active external managers included 84 meetings/calls.

Specialized Training: The Investment Team attended 46 industry-related conferences/functions and meetings.

High-Risk Area #2: Investment Risk Management

Responsible Party: Managing 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 battle-tested the plan presented to the Risk Committee in November 2019, on how to manage liquidity in the next bear market. Risk Team designed several contingency plans during March 2020 as markets fell precipitously and lead a rebalance that involved selling \$1.1bn of Fixed Income at the end of March in order to purchase public equities and hedge funds, as well as fund an elevated level of capital calls. As markets recovered, rebalancing allowed for the sale of equities at a profit and the buy back of Fixed Income and TIPS. By the end of July, both of these asset classes were back at Policy weights.
- Risk Team concluded the selection process of a unified risk system for all UTIMCO asset classes – a process that started in November 2018. MSCI Barra was chosen as the vendor.
- Risk Team updated the long-term capital commitment plan following the sharp market decline. The resulting change for 2020 commitment targets is quite small (around 5%), with a larger change (up to 20%) tentatively proposed for 2021.
- Risk Team studied key asset allocation detractors in 2019, most of which are very relevant in this year’s volatile environment. In particular, the Risk Team identified the lack of floating weights for Private Assets as a significant detractor in both rising markets and falling markets; it is estimated to account for ~30bps of annual underperformance.
- Risk Team continued to enhance its understanding and reporting of macro risks and market risks. This currently includes tracking and reporting a bubble monitor, a US bear market monitor, a non-US bear market monitor, an environment monitor, and factor data. The bubble monitor indicated a potential bubble in Technology stocks in July, and then a potential bubble in the Consumer Discretionary sector in August. A deeper dive was conducted in both cases and the Risk Team continues to monitor closely for potential bubbles.

- Risk Team reviewed 11 Risk Scorecards for consistency and accuracy during the recent quarter, bringing the annual total reviewed to 54 Risk Scorecards.
- The Risk Team continued development of a bottom up Risk Dashboard to estimate the absolute and relative risks across the Endowments.
- Two managers triggered CUSUM in the recent quarter, bring the annual total of managers triggering CUSUM to 22. Of these 22, 15 occurred in the March-May quarter.
- Risk Team is working with the TAA Team on more systematic and quantitative aspects of the TAA decision making process.
- Risk Team continued to support the ITF→LTF transfers.
- Each quarter, the 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. The Risk Team compared each month's downside volatility with both prior month results and with market activity to determine consistency and identified reasons for all changes. Also performed analysis of managers' portfolio-level risks and performance.
- Risk Team continued to monitor sources and uses of cash and illiquid capital; prepared projections on portfolio downside volatility utilization, country exposure, liquidity, and asset allocations; updated projections on a weekly basis.
- All internal derivatives were reviewed and analyzed in detail prior to initiation.
- 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 volatility and VaR calculations.

Organizational Update: AliEmme Binns joined the Risk Team as an Analyst on June 1st, 2020; Anson Chuah moved from the Risk Team to the Strategic Partners Team.

Internal Audit: UT Systems' Internal Audit team completed a review of agreed-upon-procedures and while there were a couple of recommendations, overall issued a favorable final report.

Specialized Training: The Risk Team participated in seven conferences during the year, all in the first 6 months of this year.

High-Risk Area #3: Information Technology and Security

Responsible Party: Chief Information Security Officer (CISO)

Key "A" risk(s) identified:

- *Organization could fail to adequately secure networks and data to prevent abuse, destruction, and/or theft.*

Key Monitoring Activities:

- Increased monitoring alerts for compromised accounts, leaked credentials, and other attack vectors given the continued work from home/remote working environment.
- The ISO Team completed 25 formal security assessments.
- The ISO Team completed an additional 24 information security reviews.
- Twelve open security items remain at end of this reporting period.

- Spear-phishing attacks continue. Fake payroll, HR, tax, and other information are being sent in an attempt to lure users to click.
- Weekly phishing campaigns began in the fourth quarter using the KnowBe4 tool. UTIMCO is averaging 12% Phish Prone (clicks). Weekly *Scam of the Week* alerts and Monthly *Security Hints and Tips* are sent to employees.
- Multiple alerts were sent to the employees covering various topics including viruses, malware, phishing scams, securely sending credit card and social security numbers, and updates for mobile devices. Education on PHI, PII, SSN and credit card data being sent over email continues.
- One user fell for a phishing email. Login credentials were stolen but multi-factor authentication (MFA) protected the account and blocked access.
- Use of unapproved software continues to occur infrequently; one to two times per quarter.
- Backup/Restore issues discovered in the second quarter were resolved.
- Dynamo Software's security score was flagged for a negative change in the second quarter; Dynamo was notified and the issues were resolved.
- Continued use of Information Services administrator credentials for system service accounts identified in prior quarters have been resolved.
- Two third party business partners, BNY Mellon and SWIFT, adopted new required security controls; these were adopted by UTIMCO in March.
- Three laptops containing corporate data taken to China during the first quarter were quarantined, wiped of corporate data, and removed from service unless needed for future travel to high-risk areas.
- Security Exception for Duo Policies authorized through October 30th due to a limitation in Duo's technology extended to 2021; security exception needs to be reviewed by November 2020.
- Travel alerts were sent out in prior quarters; travel has been put on hold since March due to COVID-19.
- All Windows 2008 servers have been remediated and removed from service.
- Hardware inventory is still an open item, but mostly complete. Software inventory is complete. Maintaining an accurate inventory continues to be a challenge.
- Remote patching, which had been a concern as timely installation of patches for all systems is not completed with regularity, has been implemented. Some patching and software deployment issues remain. IT continues to work towards a resolution.
- The ISO Team identified several personal employee accounts that were leaked or compromised. Alerts were sent to the affected employees as a courtesy.
- The ISO met with several vendors and teams to review new software or systems, including DocuSign, KnowBe4, Operational Due Diligence, Legal/Compliance, Accounting and Risk.

Specialized Training: ISO Team members attended a variety of in-person, online and web training sessions, listened to podcasts, and read books.

Responsible Party: Chief Technology Officer (CTO)

Key “A” risk(s) identified:

- *Organization could fail to manage computer software and hardware resulting in internal and external users unable to perform necessary job duties.*

Key Monitoring Activities:

- User workstation patching and updates are ongoing. The Information Services Team continues to fine tune and adjust the update process to optimize the new tool and meet patching service level agreements (SLAs). Windows 10 workstations will need to be updated to the current version prior to May 2021. The current version was released September 2017 and will be at the end of support after May 11, 2021. The date of support was extended from October 2020 to May 2021 by Microsoft as a rule of the continued work from home.
- Laptops were deployed to over 50 users to enhance the ability to perform job duties more productively from any location.
- Firewall rules audit, modifications, and patching work is ongoing. Increased interaction between the Information Services and the Information Security Teams has developed positive growth of trust and cooperation.
- Network documentation work continues and the team is greater than 50% complete with the documentation of all network infrastructure. The team is performing a thorough review and providing updates as needed.
- Helpdesk process documentation is a continuous improvement effort with no outstanding document requests. The team is actively working on “on boarding” and “off boarding” process automation.
- Server updates were transitioned to Manage Engine during the second quarter.
- Citrix issues identified during the period were resolved.
- The one Windows 2008 server remaining in use was retired on April 30, 2020.
- The team remediated three additional open security items from the Denim security assessment and the Information Security open items list. There were 12 open security items remaining at the end of the reporting period with projects planned to resolve four remaining Denim findings by calendar year end.
- File consolidation is in progress and will be completed in September. Anytime/anywhere access to UTIMCO data will be completed in October. Migration of all file shares to Share Point is ongoing and will be completed in September.

Specialized Training: Data Management Team attended Caissa conference.

High-Risk Area #4: Investment Compliance

Responsible Party: Senior Director - Accounting and Chief Compliance Officer

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:

- Annual compliance statements were sent to 22 managers operating under agency agreements in January; all compliance statements were returned timely and no noncompliance issues were noted.
- 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.
- Review of monthly and quarterly investment compliance reports prepared by employees continues.
- Information regarding the categorization of mandates is included in the Certificates of Compliance mailouts and Monthly Transparency report sent to UTIMCO Directors and the investment memos reviewed by the Internal Investment Committee.
- Participation by the Accounting and Operations employees in prospective and active external manager investment due diligence continues.
- Derivative Investment Controls and Processes are being followed and work continues to improve them.
- Testing was performed on all new commitments and funding made to ensure compliance with the Delegation of Authority.

Specialized Training: None

High-Risk Area #5: Conflicts of Interest

Responsible Party: Chief Compliance Officer

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 Directors and Key Employees for all investment managers hired and funded. No conflicts of interests were noted, i.e. no pecuniary interests were identified.
- Annual compliance statements were received from all but one Director by the April 30th deadline or within the extension timeline. One Director has not submitted his compliance statements as of the end of the fiscal year.
- Twenty-one full time employees, six temporary workers, and 12 interns were hired during the year. One temporary worker was converted to a full-time employee during the year. Compliance statements for all but one new employee were received by the deadline. Four temporary workers hired for two-week or less engagements were excused from filing compliance statements. One temporary worker hired failed to submit his compliance statements by the deadline. Five interns failed to submit compliance statements. One individual appointed as an officer/Key Employee submitted his disciplinary action disclosure statement late due to the failure of the Compliance Team to notify him of the filing requirement.
- The annual Employee Ethics and Compliance Training Session was held in May. A makeup session for employees unable to attend the annual session was held on July 15, 2020. Six new hire training sessions were held. All employees received trained during the year. New employees were trained within a reasonable time after hire.

- 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 review of these statements was completed prior to the deadline.
- A list of publicly traded securities of all publicly traded companies in which a Director or employee has a pecuniary interest (the "restricted list") was maintained. Internal managers and external managers operating under agency agreements are provided the restricted list to prevent the violation of UTIMCO Code of Ethics and Texas Education Code Section 66.08. No new securities were added to the list.
- Daily, the Chief Compliance Officer designee reviewed security holdings of internal and external managers operating under agency agreements for compliance with the restricted list. No exceptions were noted.
- Of 824 employee securities transactions, six required preclearance. Three employees failed to request preclearance when required. Transactional disclosure forms related to 41 securities transactions were filed late. The Compliance Team has begun notifying the employee's supervisor of team member's failures to follow the preclearance procedures.
- Four employees requested CEO approval for outside employment. During the quarter ended August 31, 2020, the Compliance Team discovered that two employees that should have requested approval for outside employment failed to do so.
- As required by the UTIMCO Code of Ethics, the CEO notified the Audit & Ethics Committee before February 15, 2020, of all outside employment approved and disciplinary action disclosed in 2019.
- Beginning with the fourth quarter 2015, the travel review process was modified to require testing of a sample of expense reports only and no longer provide a review of all reimbursement requests. As a result, compliance reporting is now limited to information obtained from the sample tested during each quarter. Of the 30 expense reports tested, four included third party paid expenses. Approval was obtained as required for all. None of the expense reports tested included a sponsored entertainment event.
- Effective September 1, 2017, employees must submit sponsored entertainment requests for approval to the CCO. Four employees requested and received approval for sponsored entertainment events although two of the events were canceled due to the global pandemic.
- No employee requested approval to fly by charter or private air travel during the year.

Specialized Training: Compliance Senior Analyst attended SCCE Annual Compliance & Ethics Institute Conference

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 Team. Ongoing due diligence efforts on multiple managers continue.

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. The Risk Team underwent an agreed upon procedures review by the UT System Audit Office related to the Risk Team's monitoring plan and activities used to monitor key risks identified for Investment Risk Management as part of the Institutional Compliance Program. The review identified some areas for improvement, including enhancements to procedures and increased documentation of risk scorecard review process. A first draft of the updated procedures and risk scorecard review process documentation is in progress.

Significant Findings: None

High-Risk Area #3: Information Technology & Security

Assessment of Control Structure: *Opportunity for enhancement*

Assurance Activities Conducted: CCO continues to meet with CISO regarding information technology and security practices. CCO and Chief Technology Officer also meet periodically. The CTO continues to review the operations of the information services team to determine whether any restructuring and additional resources are needed. The COVID-19 pandemic accelerated the provision of laptops and other equipment to enable employees to work from home. It also impacted the operation of board and committee meetings. Information Services provided the necessary technology for employees and meetings to continue to operate effectively. Bi-weekly cross team meetings to track and monitor the status of identified areas of vulnerability and required improvement in UTIMCO's information resources continue. Ernst & Young, LLP completed its assessment of UTIMCO's cybersecurity posture, the assessment was reviewed with the Cyber Risk Committee, and selected findings will be addressed in the coming fiscal years.

Significant Findings: Effective June 15, 2020, the Security Team's organizational reporting structure changed from the Chief Operating Officer to the CTO. This is contrary to the requirements of UTS 165, which requires the CISO to report to the institution's president or senior executive, other than the institution's chief information officer. The CEO had direct discussions with the UT System Chancellor related to this change in reporting and concluded with a mutual understanding. The CEO has advised the CCO he told the Chancellor the separation of the CISO from Information Technology was hindering UTIMCO's operations, reporting and productivity; the CISO and CTO sit in adjacent offices; the IT team is around 20 people, not hundreds; the CISO's professionalism and skill set would benefit the talented but young IT team; and the UTIMCO security score was the highest in the UT System. Also discussed was the direct reporting of the CISO to the CEO. No written documentation from the Chancellor is available regarding a waiver of application of UTS 165.

High-Risk Area #4: Investment Compliance

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO continues to review investment and fund compliance reports to determine that policy requirements have been maintained based on the activity performed by employees. CCO reviewed the documentation and workpapers supporting the various compliance reports prepared by the Responsible Parties.

Significant Findings: None

High-Risk Area #5: Conflicts of Interest

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO 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 session, one makeup session, and six new hire training sessions were held during the year.

Section V – Action Plan Activities

See updated Institutional Compliance Action Plan Fiscal Year 2020.

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
Employment Related	1	100.00%
Policy Issues	0	0.00%
Hang ups or wrong numbers	0	0.00%
Total	1	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 Corporate Counsel and Chief Compliance Officer, the Senior Managing Director & COO, the Deputy Chief Investment Officer, the Chief Information Security Officer, and David Givens from The University of Texas Systemwide Compliance Office.

Beginning September 1, 2020, UTIMCO contracted with Lighthouse Services, LLC to provide hotline services. Reports may be made to the hotline via telephone, email, fax, website, or anonymous reporting app.

**The University of Texas/Texas A&M Investment Management Company
Institutional Compliance Action Plan
Fiscal Year 2020**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
<i>A. RISK ASSESSMENT</i>			
1.	Complete detailed review of Enterprise Risk Management Framework; update risk assessments, including mapping of controls	11/30/19	<i>First draft of ERM completed and reviewed by Sr. MD and COO; second draft in progress; draft risk assessments prepared; refinement of risk assessment continues</i>
<i>B. MONITORING ACTIVITIES / ASSURANCE</i>			
2.	Complete revision of Responsible Party Monitoring Plans for high risk areas	11/30/19	<i>Monitoring plans for investment teams and Strategic Partners Network (SPN) completed; rollout of monitoring plan for Tactical Asset Allocation (TAA) postponed to allow TAA to finalize processes with CEO Team</i>
3.	Continual enhancement of compliance monitoring and reporting	Ongoing	<i>Ongoing</i>
<i>C. COMPLIANCE TRAINING / AWARENESS</i>			
4.	Increase personal training and awareness related to cybersecurity risks	Ongoing	<i>Ongoing</i>
5.	Provide new employee and annual Code of Ethics training and information to improve employee awareness of compliance program	04/30/2020	<i>New hire training sessions held on 10/09/19, 01/07/20, 02/07/20, 02/10/20, 02/18/20 and 09/11/20; Annual training session held on 05/15/20; Makeup and new hire training session held on 07/15/20</i>
6.	Identify and network with similarly situated compliance professionals	Ongoing	<i>Council of Compliance Officers quarterly calls on 11/21/19, 03/03/20 06/02/20 and 08/25/20; Austin & San Antonio Compliance Roundtable 09/02/20</i>

Updated 10/21/2020

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
<i>D. REPORTING</i>			
7.	Conduct quarterly meetings with the internal ethics and compliance committee	Ongoing	<i>Quarterly meetings held 10/31/19, 01/29/20, 04/21/20 and 08/06/20</i>
8.	Provide quarterly/annual reports to the Audit and Ethics Committee and System-wide compliance office	Ongoing	<i>Quarterly report for 05/31/19, annual report for 08/31/19, and quarterly reports for 11/30/19, 02/29/20, and 05/31/20 presented to A&E Committee on 09/19/19, 11/21/19, 03/05/20, 06/04/20, and 09/03/20 respectively; 08/31/19, 11/30/19, 02/29/20, and 05/31/20 quarterly reports sent to UTS on 01/27/20, 02/10/20, 05/04/20, and 10/19/20 respectively</i>
<i>E. OTHER / GENERAL COMPLIANCE</i>			
9.	Continual update of compilation of all laws and regulations applicable to UTIMCO and to the extent necessary, modify compliance processes and reporting	Ongoing	<i>Updates ongoing</i>
10.	Information Technology update to Business Continuity Plan	03/31/20	<i>Consultation partner company to assess and update the current BCP, BIA's and Disaster Recovery Plans was selected from RFP responses received. Ernst & Young LLP is expected to complete revisions by 05/31/21</i>
11.	Work with Information Technology Team to automate Code of Ethics forms	08/31/20	<i>Due to pandemic causing employees to work from home all compliance forms were and continue to be submitted via email; work continues to allow for DocuSign or other</i>

Updated 10/21/2020

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
			<i>means to complete and submit electronically</i>
12.	Supervise and manage work of Compliance team; onboard new team members	Ongoing	<i>Ongoing</i>
13.	UT Systemwide Compliance Office activities participation: annual compliance officers' forum and other activities	Ongoing	<i>Quarterly meeting with UTS Compliance Officer on 10/23/19, 01/22/20, 04/22/20 and 07/27/20; Fall ICAC meetings held 09/25/19 and 9/22/20; Spring ICAC meeting canceled due to pandemic and replaced with Spring ICAC Topic emails</i>
14.	Hotline reporting	Ongoing	<i>One call received on 12/05/19; caller withdrew complaint Effective. 09/01/20 hotline monitoring services switched from NAVEX to Lighthouse Services</i>

**The University of Texas/Texas A&M Investment Management Company
Institutional Compliance Action Plan
Fiscal Year 2021**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
<i>A. RISK ASSESSMENT</i>			
1.	Finalize Enterprise Risk Management Framework report (Second draft in process)	12/31/2020	
<i>B. MONITORING ACTIVITIES / ASSURANCE</i>			
2.	Complete revision of Responsible Party Monitoring Plan for Tactical Asset Allocation (TAA)	12/31/2020	
3.	Continual enhancement of compliance monitoring and reporting	Ongoing	
4.	Review policies and procedures for needed revisions/updates and efficiencies	08/31/2021	
5.	Review compliance program in conjunction with updated DOJ guidance for overall adequacy and effectiveness	08/31/2021	
6.	Review third party risk management processes/standards related to initial onboarding and ongoing due diligence and monitoring	08/31/2021	
7.	Review of Institutional Compliance Program by UT System Audit Office	08/31/2021	
<i>C. COMPLIANCE TRAINING / AWARENESS</i>			
8.	Develop relationships within the organization to identify opportunities to build trust and offer assistance	Ongoing	
9.	Provide new employee and annual Code of Ethics training and information to improve employee awareness of compliance program	04/30/2021	
10.	Identify and network with similarly situated compliance professionals	Ongoing	
<i>D. REPORTING</i>			
11.	Conduct quarterly meetings with the internal ethics and compliance committee	Ongoing	
12.	Provide quarterly/annual reports to the Audit and Ethics Committee and System-wide compliance office	Ongoing	
<i>E. OTHER / GENERAL COMPLIANCE</i>			
13.	Continual monitoring update of compilation of all laws and regulations applicable to UTIMCO and to the extent necessary, modify compliance processes and reporting	Ongoing	

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
14.	Information Technology update to Business Continuity Plan	05/31/2021	
15.	Review and monitor data privacy regulations and formalize data mapping procedures	08/31/2021	
16.	Work with Information Technology Team to automate Code of Ethics compliance statements and Certificates of Compliance	08/31/2021	
17.	Supervise and manage work of Compliance team; transition compliance activities to team members	Ongoing	
18.	UT Systemwide Compliance Office activities participation: annual compliance officers' forum and other activities	Ongoing	
19.	Hotline reporting	Ongoing	

CONTRACT REPORT

Existing Contracts, Leases and Other Commerical Arrangements
(Total Obligation per Agreement greater than \$250,000)
Reported on an annual basis per the Delegation of Authority Policy
As of November 10, 2020

Agreement	Purpose	Contract Term	Annual Amount
Dynamo Software	Portfolio and relationship management system with full mobile access for travelers; contract amended to lock in current annual price of \$366,000 for three years instead of annually renewing with an escalation in annual costs. Total three year contract \$1,098,000.	11/15/2020 - 11/14/2023	\$366,000
Bloomberg	Bloomberg provides a variety of services including Core AIM and subscriptions, an all-in-one investment platform for trading, analysis and information. Other services are data licenses, disaster recovery, network access fees, POMS access fees, fixed income entitlements, and SWIFT. Subscription costs are \$712k and are based on number of users. The remainder of the services purchased is approximately \$306k annually.	Variety of contract terms	\$1,018,000
Factset Research Systems	Analytical tool for performance	Renews monthly via invoice	\$500,000
International Fund Services	Risk System	Quarterly invoice – fees increase as underlying accounts are added	\$292,000
Sequel Data Systems, Inc.	Vmware Enterprise License Agmt/Support (3 yrs) paid monthly	1/18 - 12/20	\$317,875
eFront Financial Solutions	eFront Financial Solutions is a software provider for the alternative investments and risk management areas of the financial services industry	12/21/19 - 12/30/20	\$254,600
MSCI: RiskMetrics and Barra	Two separate contracts have been signed with MSCI. RiskMetrics, with a two year term contract, provides monitoring and manager oversight to the hedge funds. The Barra contract covers the new Risk System and has a two and one-half year contract term. The two products are integrated but can be separated. The estimated cost of both contract lives is \$1,488,000 with additional one-time implementation costs of \$127,500.	4/1/20 - 3/31/22 (RiskMetrics) 9/20 - 3/31/23 (Barra)	\$361,000 \$364,000
EY Projects	BCP/DR Design Project (\$590,000) and Cyber Security Program Design Project (\$249,900)	9/1/20 to 5/30/21	\$839,900

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item:	Report from Risk Committee
Developed By:	Gonzalez, Moeller
Presented By:	Gauntt
Type of Item:	Information item
Description:	The Risk Committee (“Committee”) met on December 1, 2020. The Committee’s agenda included (1) discussion and appropriate action related to the approval of minutes of its September 3, 2020 meeting; (2) review and discussion of compliance reporting; and (3) a market and portfolio risk update.
Discussion	Ms. Gonzalez reviewed the quarterly compliance reporting with the Committee and Dr. Yoeli presented an update on the market and portfolio risk.
Recommendation:	None
Reference:	None

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

Agenda Item: Report from Cyber Risk Committee

Developed By: Moeller, Gonzalez

Presented By: Rothrock

Type of Item: Information Item

Description: The Cyber Risk Committee (the “Committee”) met on December 1, 2020. The Committee’s agenda included discussion and appropriate action related to the approval of minutes of September 3, 2020 meeting. The Committee also met in Executive Session to receive an update on computer security assessments related to information resources technology, including security assessments.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
December 10, 2020

- Agenda Item:** Report from Compensation Committee: Discussion and Appropriate Action Related to the Performance Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2020
- Developed By:** Moeller, Gonzalez
- Presented By:** Rothrock
- Type of Item:** Action Item; Action required by the UTIMCO Board
- Description:** The Compensation Committee (the “Committee”) met on December 1, 2020 and will meet on December 10, 2020. At its meeting on December 1, 2020, the Committee’s agenda included (1) discussion and appropriate action related to minutes of its September 3, 2020 meeting; and (2) discussion and appropriate action related to selection of UTIMCO Compensation Consultant. The Committee also met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters at the December 1, 2020 meeting.
- At its December 10th meeting, the Committee will convene in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters, including Performance Awards for Plan Participants for the Performance Period ended June 30, 2020. The Committee’s agenda will include (1) discussion and appropriate action related to minutes of its December 10, 2020 meeting; and (2) discussion and appropriate action related to Performance Awards for Participants of the UTIMCO Compensation Program (the “Plan”) for the Performance Period ended June 30, 2020.
- Discussion:** The Committee will make its recommendation to the UTIMCO Board related to the Performance Awards for all Plan Participants. Performance Awards for the Performance Period are calculated for each Participant based on the percentage achieved of each Performance Standard, considering the weightings for the Participant’s Quantitative and Qualitative Standards and Performance Award Opportunity. Action is required by the UTIMCO Board related to the Performance Awards.
- Recommendation:** The Committee will recommend the Board approve the Performance Awards for the Participants of the Plan for the Performance Period ended June 30, 2020.
- Reference:** Materials provided for Executive Session

**RESOLUTION RELATED TO THE CEO'S PERFORMANCE AWARD
FOR THE PERFORMANCE PERIOD ENDED JUNE 30, 2020**

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

WHEREAS, the Compensation Committee has reviewed and approved the CEO's Performance Award for the Performance Period ended June 30, 2020, and submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the Compensation Committee's recommendation of the CEO's Performance Award for the Performance Period ended June 30, 2020.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Award for the Performance Period ended June 30, 2020, in the amount of \$_____.

**RESOLUTION RELATED TO PERFORMANCE AWARDS
FOR THE PERFORMANCE PERIOD ENDED JUNE 30, 2020**

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

WHEREAS, in accordance with Section 5.5.(d) of the Plan, the Compensation Committee has determined the level of achievement by each Participant in the Plan during the Performance Period ended June 30, 2020, of his or her Performance Standards for such Performance Period; and

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

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

WHEREAS, the Compensation Committee has reviewed the Performance Awards for all Participants who have met or exceeded their performance benchmarks for the Performance Period ended June 30, 2020, made changes it deemed appropriate, approved such Performance Awards, and recommended that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2020, in the total aggregate amount of \$_____ and be it

FURTHER RESOLVED, that of the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2020, ___% (_____) will be deferred pursuant to the Plan.