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

Presentation Materials

Board of Directors Meeting

June 20, 2024

UTIMCO BOARD OF DIRECTORS
ANNUAL MEETING AGENDA
June 20, 2024
UTIMCO
210 West 7th Street, Suite 1700
Austin, Texas 78701

Time		Item #	Agenda Item
Begin	**End**		**OPEN MEETING:**
9:00 a.m.	9:05 a.m.	1	Call to Order/Discussion and Appropriate Action Related to Minutes of March 20, 2024 meeting*
9:05 a.m.	9:15 a.m.	2	Discussion and Appropriate Action Related to Corporate Resolutions: - Election of Corporate Officers* - Committee Assignments* - Resolution of Appreciation*
9:15 a.m.	9:30 a.m.	3	CEO Update
9:30 a.m.	10:10 a.m.	4	Strategic Plan Presentation
10:10 a.m.	10:35 a.m.	5	Real Return Presentation
10:35 a.m.	11:00 a.m.	6	Private Equity Presentation
11:00 a.m.	11:20 a.m.	7	Report from Policy Committee: - FY2025 Policies Review - Discussion and Appropriate Action Related to Proposed Amendments to: Investment Policy Statements*,** Liquidity Policy*,** Derivative Investment Policy *,** Delegation of Authority Policy*
11:20 a.m.	11:25 a.m.	8	Report from Investment Risk Committee
11:25 a.m.	11:30 a.m.	9	Report from Audit and Ethics Committee: - Discussion and Appropriate Action Related to Engaging Corporate External Auditor*
11:30 a.m.	11:35 a.m.	10	Report from Cyber Risk Committee
11:35 a.m.	12:05 p.m.	11	**Executive Session** Pursuant to Section 551.074 *Texas Government Code*, the Board of Directors may convene in Executive Session to deliberate individual personnel compensation matters, including the CEO, President and CIO. **Reconvene into Open Session** Report from Compensation Committee: - Discussion and Appropriate Action Related to the: - CEO's Base Salary for 2024-2025 Fiscal Year* - CEO's Qualitative Performance Standards for the UTIMCO Compensation Program for the Performance Period ending June 30, 2025* - Amendment and Restatement of the UTIMCO Compensation Program, effective July 1, 2024*,**
12:05 p.m.	12:20 p.m.	12	Discussion and Appropriate Action Related to UTIMCO 2024-2025 Budget*,**
12:20 p.m.			**Adjourn followed by Lunch**

* Action by resolution required
** Resolution requires further approval from the Board of Regents of The University of Texas System
Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Regularly Scheduled Meeting: September 26, 2024

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the Meeting of the Board of Directors held on **March 20, 2024,** be, and are hereby, approved.

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

The Board of Directors (the “Board”) of The University of Texas/Texas A&M Investment Management Company (“UTIMCO” or the “Corporation”) convened in an open meeting on **March 20, 2024,** in person and by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation located at 210 West 7th Street, Suite 1700 in Austin, said meeting having been called by the Chairman, James C. “Rad” Weaver (“Chairman”), with notice provided to each member in accordance with the Corporation’s Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the internet. Participating in the meeting were the following members of the Board:

James C. “Rad” Weaver
Ray Rothrock
James B. Milliken
Howard Berk
Jay Graham
Janet Handley
Janiece Longoria

thus constituting a majority and quorum of the Board. Director Jodie L. Jiles and Director Ray Nixon were not in attendance. Chairman Weaver called the meeting to order at 9:01 a.m. Employees of the Corporation attending the meeting were Richard Hall, President, CEO and CIO; Joan Moeller, Secretary and Treasurer; Carolina de Onís, General Counsel and Chief Compliance Officer; Susan Chen, Senior Managing Director – Public Equity; Amanda Hopper, Managing Director – Public Equity; Russ Brown, Director – Public Equity; Ken Standley, Senior Director - Strategic Partnerships; Ryan Ruebsahm, Senior Managing Director – Hedge Funds Courtney Powers, Managing Director – Hedge Funds; Tony Caruso, Managing Director – Hedge Funds; Alison Rogers-McCoy, Managing Director and Chief Human Resources Officer; and other team members. Other attendees were Jerry Kyle of Orrick, Herrington, & Sutcliffe LLP; and Keith Brown of the McCombs School of Business at UT Austin. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Minutes

The first item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on December 7, 2023. Upon motion duly made and seconded, the following resolution was unanimously approved by the Board:

> RESOLVED, that the minutes of the Meeting of the Board of Directors held on December 7, 2023, be, and are hereby, approved.

Corporate Resolutions

Chairman Weaver presented a recommendation that the annual meeting of the Board of Directors of the Corporation be held on June 20, 2024. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

> RESOLVED, that the Annual Meeting of the Board of Directors will be held on June 20, 2024.

Chairman Weaver invited Richard Hall to provide a summary of the MSCI Barra Risk System Contract. Mr. Hall noted that the Investment Risk team negotiated an extension of the Risk System built by MSCI Barra through three inter-related agreements with RiskMetrics Solutions and Barra, LLC, affiliates of MSCI Barra, spanning a contract term of three years. The inter-related agreements have a collective obligation of approximately $2.8 million over the contracts' three-year terms. Mr. Hall requested that the UTIMCO Board approve the agreements with RiskMetrics Solutions and Barra, LLC in accordance with the UTIMCO Delegation of Authority, which requires obligations of $1 million or more during the contract term to be approved by the Board. Chairman Waver presented the resolution to the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

> WHEREAS, the Delegation of Authority delegates to The University of Texas/Texas A&M Investment Management Company ("UTIMCO" or "Corporation") Chief Executive Officer ("CEO") 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, RiskMetrics Solutions and Barra, LLC, both affiliates of MSCI Barra, have each previously provided risk services to UTIMCO under contracts for a total cost of less than $1 million for the contract term; and
>
> WHEREAS, UTIMCO is negotiating three inter-related agreements, each having a 3-year contract term, with RiskMetrics Solutions and Barra LLC, affiliates of MSCI Barra, (the "Risk System Agreements") that will collectively exceed the delegated authority of $1 million during the contract term and reported same to the Audit and Ethics Committee.
>
> NOW, THEREFORE, be it:
>
> RESOLVED, that the UTIMCO Board authorizes UTIMCO's CEO to negotiate and enter into the Risk System Agreements with RiskMetrics Solutions and Barra LLC, affiliates of MSCI Barra, for a 3-year contract term with a collective obligation of approximately $2.8 million, on such terms that may be in the best interests of UTIMCO as determined by the CEO or his designees; and
>
> FURTHER RESOLVED, that the CEO or his designees are authorized by the UTIMCO Board to negotiate and enter into on behalf of the Corporation any modifications of and documents ancillary to the Risk System Agreements and to take whatever action as may be necessary or in the best interests of the Corporation

that the CEO or his designees may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of this Resolution and to perform the obligations of the Corporation under the Risk System Agreements, including any instruments referred to therein and/or executed in connection therewith.

Before moving on to the next agenda item, Chairman Weaver invited Richard Hall to say a few words. Mr. Hall expressed his appreciation to Justin Holm, Lisa Kabler, Avani Bhansali, Lane Arnold, Eric Miller, Roger Harper, and Nathan Stewart for their hard work organizing the annual UTIMCO Town Hall meeting.

Chairman Weaver then invited Director Rothrock to make an announcement. Director Rothrock shared with the Board that on March 12, 2024, Texas A&M University recognized Jeffrey Hildebrand, the Board's former Chairman, as a Distinguished Alumnus.

CEO Update

Chairman Weaver asked Richard Hall to provide the CEO Update. Mr. Hall began by providing a detailed portfolio update, noting that as of December 31, 2023, the Corporation had approximately $72.5 billion of assets under management, an increase of $3.9 million last year. Mr. Hall continued by discussing portfolio positioning and performance, including asset allocation over time. Mr. Hall then discussed UTIMCO returns and alpha for one, three, five, and 10-year time horizons, including total net returns and outperformance versus benchmark.

Strategic Plan Update

Chairman Weaver asked Richard Hall and Susan Chen to present the Corporation's five-year strategic plan preview. Mr. Hall noted that the 2024 Strategic Plan development focused on identifying key capabilities needed to ensure UTIMCO's continued development as efficient, effective, and competitive for the next five years and beyond. Mr. Hall then turned the presentation over to Ms. Chen for a more detailed preview of the proposed strategic initiatives and estimate of resources. Ms. Chen reviewed the 2019 Strategic Plan key issues, including staffing levels, succession planning, establishing a long-term organizational structure, and reinvesting in support and control functions. Ms. Chen noted that UTIMCO remains on track to meet the original budget and personnel projections through FY2024. Ms. Chen also detailed the result of the 2019 Strategic Plan, including AUM growth to $75 billion, effective succession planning in key positions, talent acquisition and retention, and improved internal alignment. Ms. Chen continued by discussing the 2024 Strategic Plan key initiatives, including talent retention and succession planning, technology enhancements and new tool adoption, data innovation and governance, introducing a scalable investment strategy design, and optimizing leverage and liquidity. Ms. Chen noted that the resources required to execute on these initiatives is approximately 12bps of AUM by the end of FY204, which is in line with budget projections from the 2019 Strategic Plan, and well below peer budgets of approximately 15bps. Ms. Chen reviewed the process by which the priorities and initiatives are determined, as well as a preliminary five-year budget estimate for UTIMCO to execute on those initiatives while remaining lean and efficient. Ms. Chen wrapped up her presentation by presenting next steps, including presenting the final 2024 Strategic Plan at the June Board meeting, and requesting approval of the FY2025 budget. Mr. Hall and Ms. Chen answered questions from the Board.

Public Equity Presentation

Chairman Weaver invited Susan Chen, Amanda Hopper, and Russ Brown to present an update on the Public Equity portfolio. Ms. Chen reported that Public Equity assets are approximately $18.7 billion, representing approximately 30% of the Endowments and approximately 15% of ITF assets, as of December 31, 2023. Ms. Chen then reviewed the 2023 market environment and 2024 portfolio priorities. Ms. Chen continued with a detailed review of the Developed Markets portfolio. Ms. Hopper detailed the 2023 Developed Markets return bridge and active return drivers. Mr. Brown provided a detailed discussion of the Emerging Markets portfolio, including return drivers. Ms. Chen, Ms. Hopper, and Mr. Brown answered questions from the Board.

Mr. Standley reviewed the Strategic Partners / TAA portfolio, highlighting the role of the portfolio in the Endowments, the macro environment of 2023, portfolio performance, and 2024 priorities.

Hedge Funds Presentation

Chairman Weaver asked Ryan Ruebsahm, Courtney Powers, Tony Caruso, and Russ Kampfe to present the Hedge Funds and Fixed Income Performance update. Mr. Ruebsahm began by introducing the members of the team and their tenure at UTIMCO Mr. Ruebsahm shared the role of Hedge Funds in the UTIMCO diversification framework, and discussed one, three, and 10-year returns, and presented the team's 2023 contributions and 2024 initiatives. Mr. Powers reviewed performance of the Directional Hedge Fund portfolio on a one and three-year basis by sub-strategy and provided an overview of the Long/Short Equity strategy, which generated 2.3% alpha on a one and three-year basis. Mr. Caruso reviewed the Stable Value Hedge asset allocation and performance as of December 31, 2023. Mr. Caruso highlighted that the Stable Value Hedge Funds portfolio represents 12% of UTIMCO NAV but contributes only 2% of total risk. Mr. Caruso continued by detailing the benefits of the recently launched managed account initiative involving Dockside. Mr. Caruso then turned the presentation over to Mr. Kampfe. Mr. Kampfe provided an overview of the Fixed Income portfolio including objectives, strategies, liquidity, performance, and 2024 priorities. Mr. Kampfe noted the Long Treasuries portfolio generated 80 bps of alpha last year.

Human Resources Presentation

Chairman Weaver invited Alison Rogers-McCoy to present an update on the Human Resources team. Ms. Rogers-McCoy began with a presentation of UTIMCO's demographics, noting that UTIMCO has 122 full time employees, 65.6% are new within the last five years, three new teams have been established, the average age is 40 years old, the average tenure is 6 years, and the average annual turnover is 10%. Ms. Rogers-McCoy detailed UTIMCO's efforts to invest in learning and development programs, as well as employee benefits and recognition programs. Ms. Rogers-McCoy wrapped up her presentation by discussing HR trends and 2024 key priorities. Ms. Rogers-McCoy answered questions from the Board.

Report from Audit and Ethics Committee

Chairman Weaver asked Director Milliken to provide a report on behalf of the Audit and Ethics Committee. Director Milliken reported that the Committee met via teleconference on March 12, 2024. The Committee approved the minutes of its November 30, 2023 meeting. The Committee also approved Deloitte & Touche LLP's Audit Results and Communications for the Corporation for the fiscal year ended August 31, 2023 and the audit reports for the Corporation for the fiscal year ended August 31, 2023 and 2022, subject to further approval for the Board. Director Milliken noted that Deloitte & Touche LLP issued a clean, unqualified opinion. The Committee received a compliance update for the four months ended December 31, 2023, as well as an introduction to the revised Enterprise Risk Management Program. The Committee was also provided the Contracts Report. Finally, the Committee received a report on the unaudited financial statements without footnotes for the Funds for the three months ended November 30, 2023, the unaudited financial statements with footnotes for the Corporation for the four months ended December 31, 2023, and the budget versus actual expenses and capital expenses versus actual expenses for the four months ended December 31, 2023. Director Milliken requested approval, on behalf of the Audit and Ethics Committee, of a resolution related to approval of Deloitte and Touche LLP's Financial Statement Audit Results and Communications, and the audited financial statements and audit report for the Corporation. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

> RESOLVED, that Deloitte & Touche LLP Financial Statement Audit Results and Communications for the Corporation for the year ended August 31, 2023, be, and is hereby approved in the form as presented to the Board; and further
>
> RESOLVED, that the annual financial statements and audit report for the Corporation for the fiscal years ended August 31, 2023 and August 31, 2022, be, and are hereby approved in the form as presented to the Board.

<u>Report from Investment Risk Committee</u>

Chairman Weaver asked Director Longoria to provide a report from the Investment Risk Committee. Director Longoria reported that the Investment Risk Committee met via teleconference on March 12, 2024. In its meeting the Committee approved the minutes of its November 30, 2023, meeting. The Committee also received a report on fund compliance matters for the four months ended December 31, 2023, and received a market and portfolio risk update.

<u>Report from Cyber Risk Committee</u>

Chairman Weaver asked Director Rothrock to provide a report from the Cyber Risk Committee. Director Rothrock reported that the Cyber Risk Committee met via teleconference on March 12, 2024. The Committee approved the minutes of its November 30, 2023, meeting. The Committee also met in Executive Session to receive an update on the Corporation's cyber risk program, including updates on security metrics, the information security program, and other ongoing projects.

<u>Executive Session</u>

Prior to going into Executive Session, Chairman Weaver announced that, "The Board of Directors of The University of Texas/Texas A&M Investment Management Company, having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Board, for the purpose of deliberating individual personnel matters. This Executive Session meeting of the Board is authorized by *Texas Government Code* Section 551.074.

The date is March 20, 2024, and the time is now 11:05 a.m." With the exception of Mr. Hall, Ms. Rogers-McCoy, and Mr. Kyle, all others left the meeting at this time.

Reconvene in Open Session

The Board reconvened in Open Session and Chairman Weaver announced that, "The Open Session of the Board of Directors of The University of Texas/Texas A&M Investment Management Company is now reconvened. The date is March 20, 2024, and the time is now 12:03p.m. During the Executive Session, the Board discussed individual personnel matters, but no action was taken, nor decisions made, and no vote was called for or had by the Board in Executive Session."

Report from Compensation Committee

Chairman Weaver asked Director Handley to provide a report from the Compensation Committee. Director Handley reported that the Compensation Committee met via teleconference on March 12, 2024. The Committee approved the minutes of its December 7, 2023, meeting. The Committee also met in Executive Session to discuss individual personnel compensation and evaluation matters.

Prior to adjourning the meeting, Chairman Weaver thanked the Board and the UTIMCO team for their hard work.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 12:05 p.m.

Secretary: ___________________________
Joan Moeller

Approved: _____________________________ Date: _______________
James C. "Rad" Weaver
Chairman, Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item:	Discussion and Appropriate Action Related to Corporate Resolutions: (1) Election of Corporate Officers; (2) Committee Assignments; (3) Resolution of Appreciation
Developed By:	Hall, Moeller, de Onís
Presented By:	Weaver
Type of Item:	Action required by UTIMCO Board
Description:	Chairman Weaver will present a recommendation for the Corporate Officers. As stated in the Bylaws, a purpose of the Annual Meeting is to elect Officers for the ensuing year. Employees that are designated as Officers by the UTIMCO Board meet the definition of Key Employees in the Corporation's Code of Ethics. Chairman Weaver will propose new Board committee assignments. Chairman Weaver will present a recommendation to the Board to approve a resolution acknowledging the Board services of Ray Rothrock.
Recommendation:	Chairman Weaver will recommend approval of the election of Corporate Officers, approval of committee assignments, and resolution of appreciation.
Reference:	None

RESOLUTION RELATED TO CORPORATE OFFICERS

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

Name	Office or Offices
________________	Chairman
________________	Vice Chairman
________________	Vice Chairman for Policy
Rich Hall	Chief Executive Officer, President and Chief Investment Officer
Joan Moeller	Senior Managing Director, COO, Treasurer and Secretary
Carolina de Onís	Managing Director, General Counsel and Chief Compliance Officer
Susan Chen	Senior Managing Director
Eddie Lewis	Senior Managing Director
Ryan Ruebsahm	Senior Managing Director
Tony Caruso	Managing Director
Gus Deering	Managing Director and Chief Technology Officer
Gary Hill	Managing Director
Amanda Hopper	Managing Director
Mukund Joshi	Managing Director
Russ Kampfe	Managing Director
Pat Pace	Managing Director
Courtney Powers	Managing Director
Alison Rogers-McCoy	Managing Director and Chief HR Officer
Craig Thomas	Managing Director
Uzi Yoeli	Managing Director

RESOLUTION RELATED TO COMMITTEE ASSIGNMENTS

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Compensation Committee of the Board of Directors effective July 1, 2024:

Janet Handley
Janiece Longoria
Ray Nixon
Howard Berk

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Ray Nixon is hereby designated the Chair of the Compensation Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Investment Risk Committee of the Board of Directors effective July 1, 2024:

Janet Handley
Jodie L. Jiles
Janiece Longoria
David Baggett

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Janiece Longoria is hereby designated the Chair of the Investment Risk Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Cyber Risk Committee of the Board of Directors effective July 1, 2024:

Jay Graham
Jodie L. Jiles
James B. Milliken
David Baggett

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Jay Graham is hereby designated the Chair of the Cyber Risk Committee and shall preside at its meetings.

RESOLUTION OF APPRECIATION
RAY ROTHROCK

WHEREAS, in recognition of his substantial background and expertise in business and dedication to higher education in the State of Texas, Ray Rothrock was appointed by the Board of Regents of The Texas A&M University System to the Board of Directors (the "Board") of The University of Texas/Texas A&M Investment Management Company ("UTIMCO") on April 27, 2016; and

WHEREAS, during his tenure on the Board of UTIMCO, Mr. Rothrock has served as Vice Chair of the Board, Chair of the Compensation Committee, the first-ever Chair of the Cyber Risk Committee and a member of the Investment Risk Committee and the Policy Committee; and

WHEREAS, Mr. Rothrock provided invaluable insight and counsel, drawing on his many years of experience in business as a venture capitalist with FiftySix Investments LLC, which he founded, and Venrock, where he is the current Partner Emeritus, and as an expert in cyber security as a former CEO and current Executive Chairman of RedSeal, Inc.; and

WHEREAS, Mr. Rothrock's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to higher education and research, as further evidenced by his receipt of the Texas A&M Distinguished Alumni Award in 2016, his generous philanthropic efforts to the Texas A&M College of Liberal Arts among others, his founding of the Texas A&M Global Cyber Research Institute, and his service as a Trustee of the Texas A&M Foundation and as a member of the Corporation of the Massachusetts Institute of Technology; and

WHEREAS, Mr. Rothrock's unselfish contributions are also evidenced in the civic arena by his service to numerous organizations, including serving as a member of the Council on Foreign Relations and service on the boards of the National Venture Capital Association, Check Point Software Technologies, Roku, The Aerospace Corporation, The Breakthrough Institute, Nuclear Threat Initiative, Carnegie Institution for Science, and Computer History Museum; and

WHEREAS, Mr. Rothrock's talents are not limited to the business and cyber security arenas, but extend to the arts, music and letters, as evidence by his co-producing the Emmy-nominated *Chasing the Moon*, a documentary series about the 1960s and the pursuit of the moon landing during the Vietnam War and Civil Rights Era, playing bass with his son and other entrepreneurs in his rock band Up and to the Right; and authoring the book *Digital Resilience: Is your Company Ready for the Next Cyber Threat*; and

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

WHEREAS, during Mr. Rothrock's tenure on the Board of UTIMCO, total assets under management by UTIMCO more than doubled, growing from $35.6 billion to $73.6 billion, and $16.8 billion in endowment distributions have been made; and

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

NOW, THEREFORE,

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

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

PASSED AND ADOPTED this 20th day of June 2024.

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item: CEO Update

Developed By: Hall

Presented By: Hall

Type of Item: Information Item

Description: Mr. Hall will provide a portfolio update and a market outlook.

Reference: *CEO Update* presentation

Board of Directors Meeting

CEO Update

Richard Hall, CEO & CIO

June 20, 2024

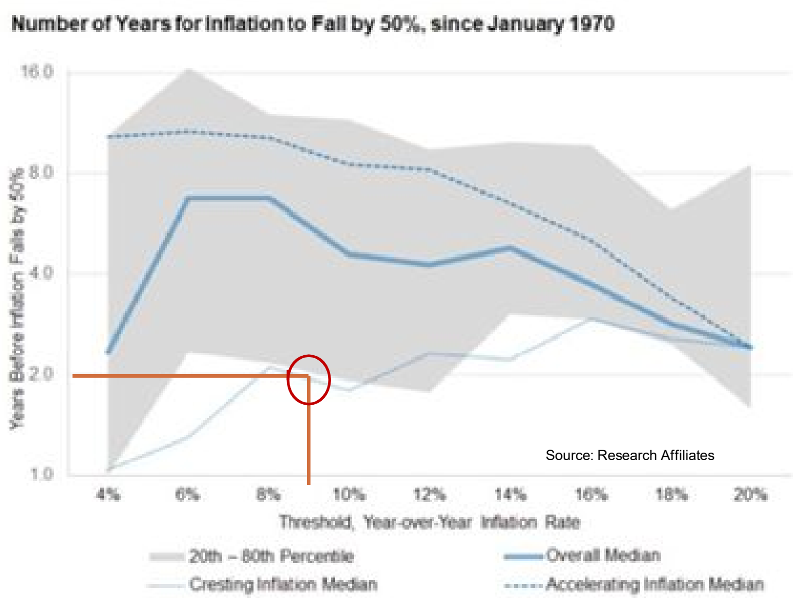
Market Update

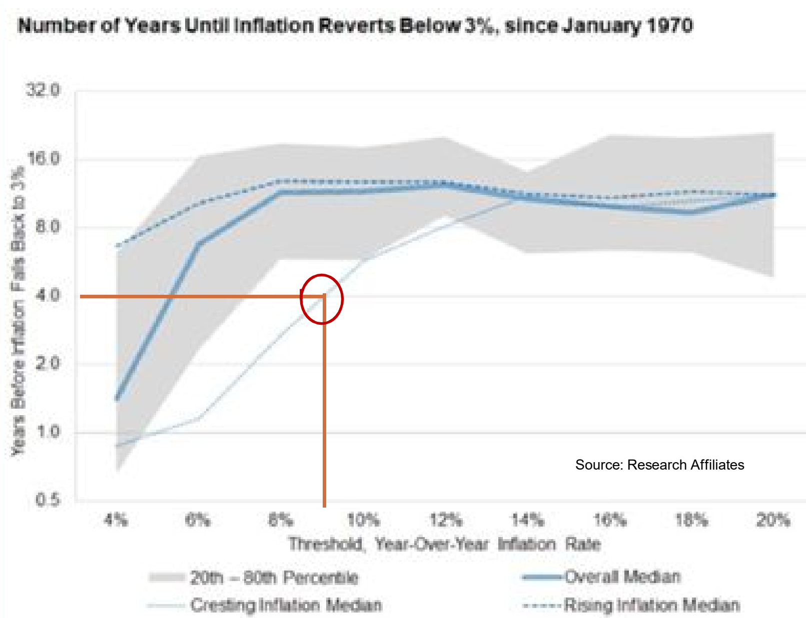
Markets Can Make You Feel Crazy Sometimes…

So tell me…is "2% inflation" in the room with us right now?

Inflation Persistence

Persistence of Inflation (time needed to fall by 50% and time needed to go below 3%)



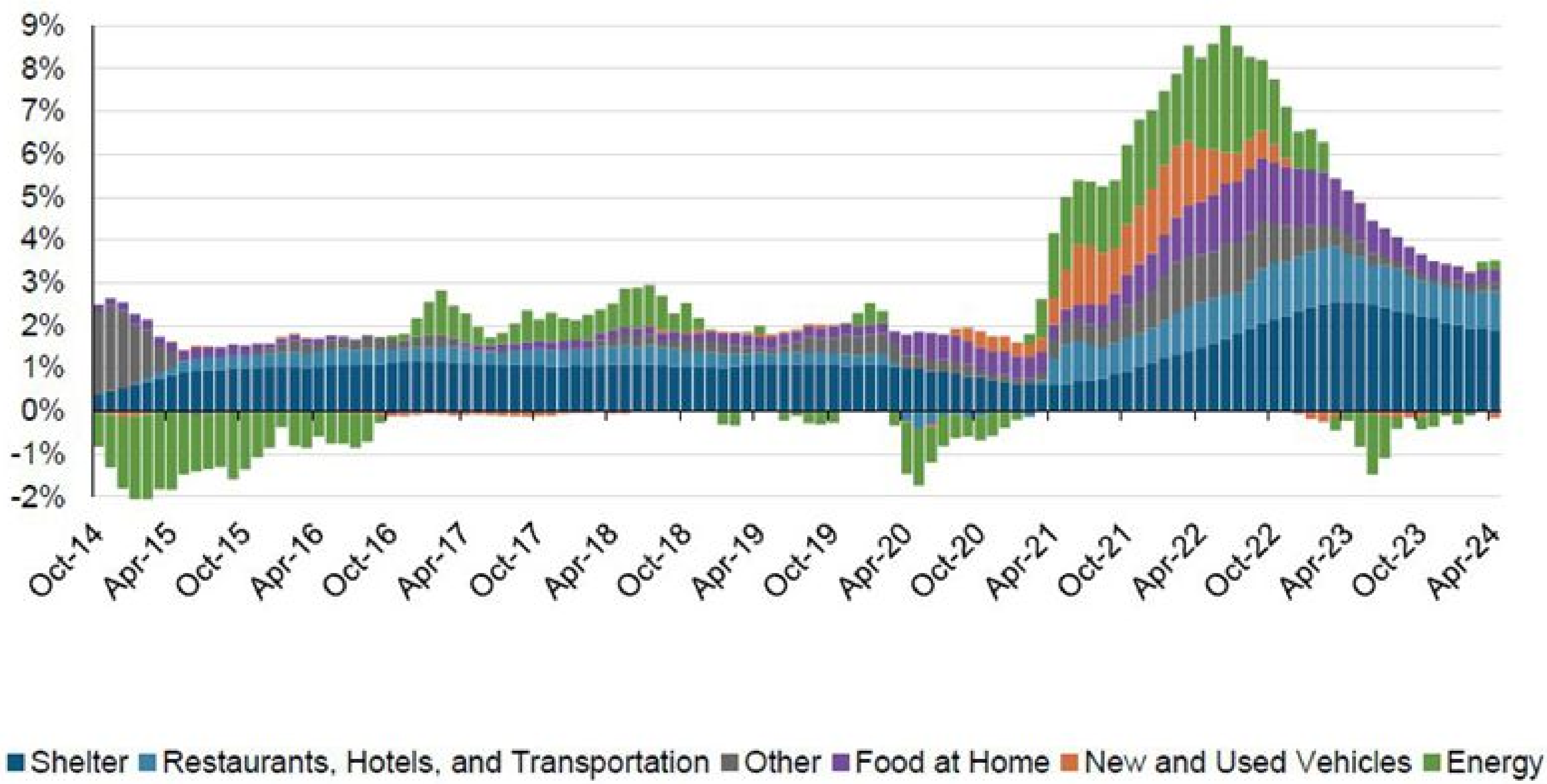


- When inflation is peaking, it takes ~2 years for inflation rate to halve
- This cycle took ~12 months

- From 9% peak, it should take ~4 years for inflation to fall below 3%
- Market expectation for that to happen in 2024 is unrealistic - 2025 or 2026 is more realistic

YoY% Inflation

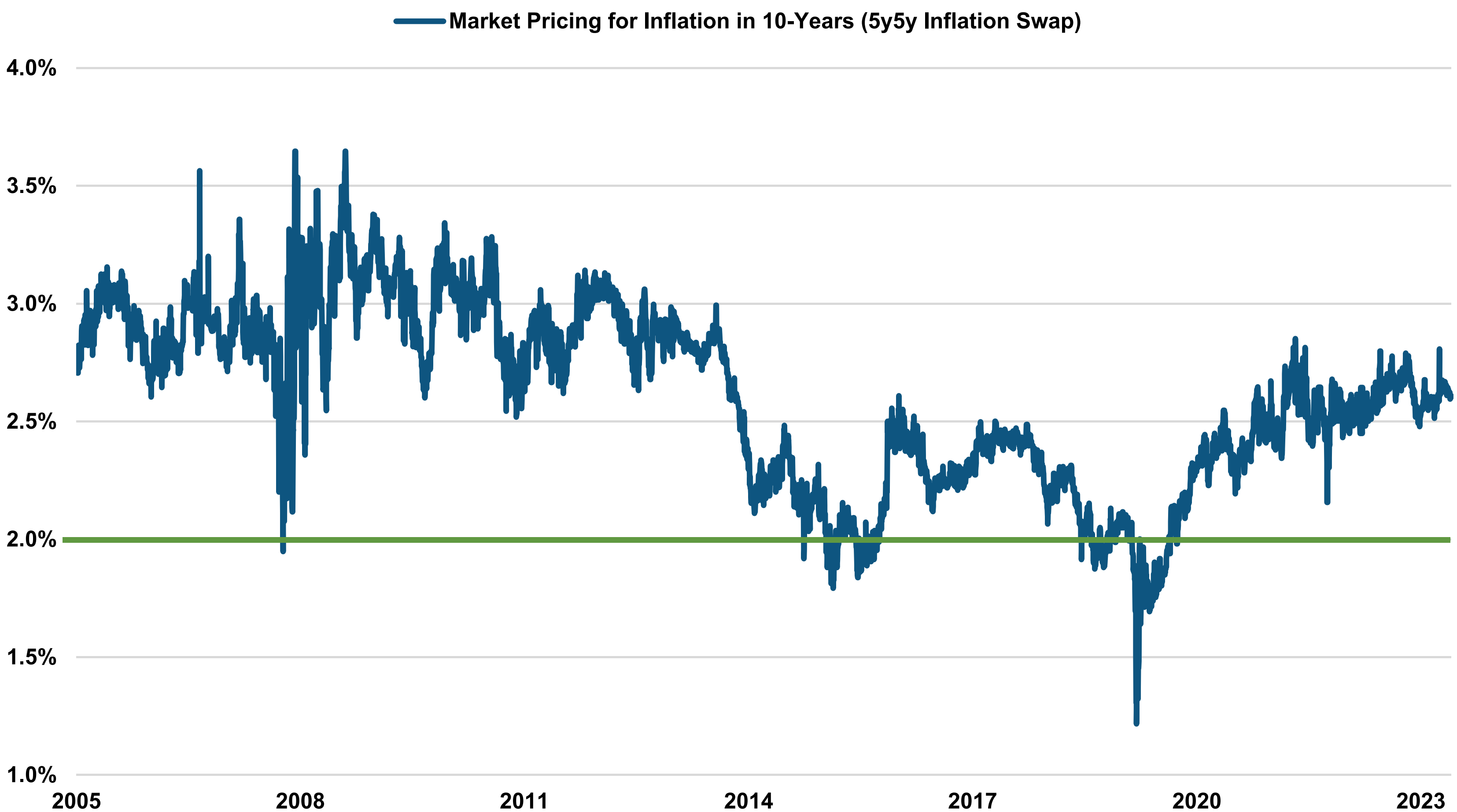
- YoY% inflation has stabilized just above 3%; slightly higher than the Fed target
- L3M CPI/PCE annualized at 4.6% and 4.4%* respectively
- L6M CPI/PCE annualized at 3.7% and 2.5%* respectively



*As of March 31, 2024

Market Pricing Above-Target Inflation

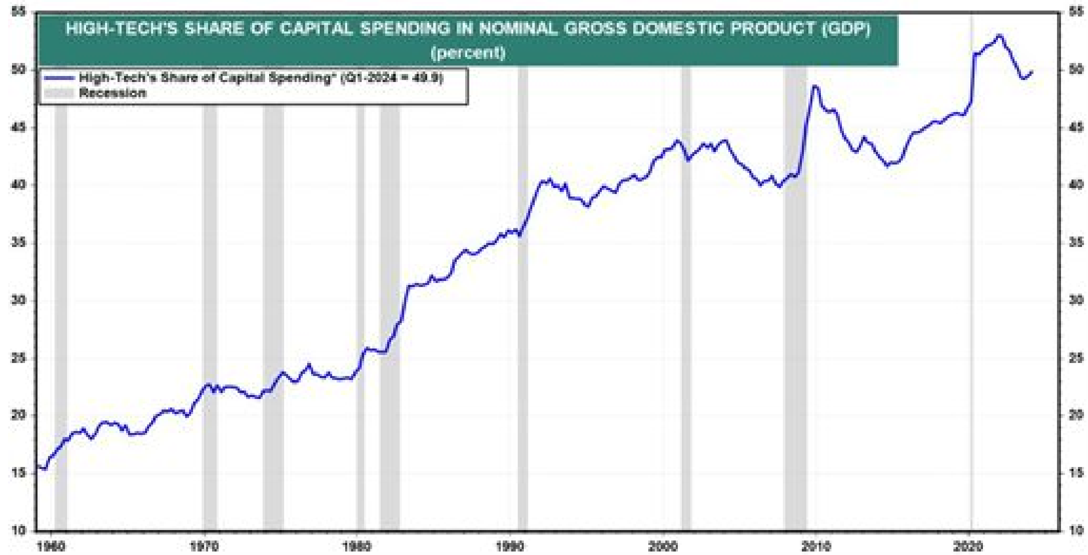
Market Expects Inflation To Be Above Fed's 2% Target



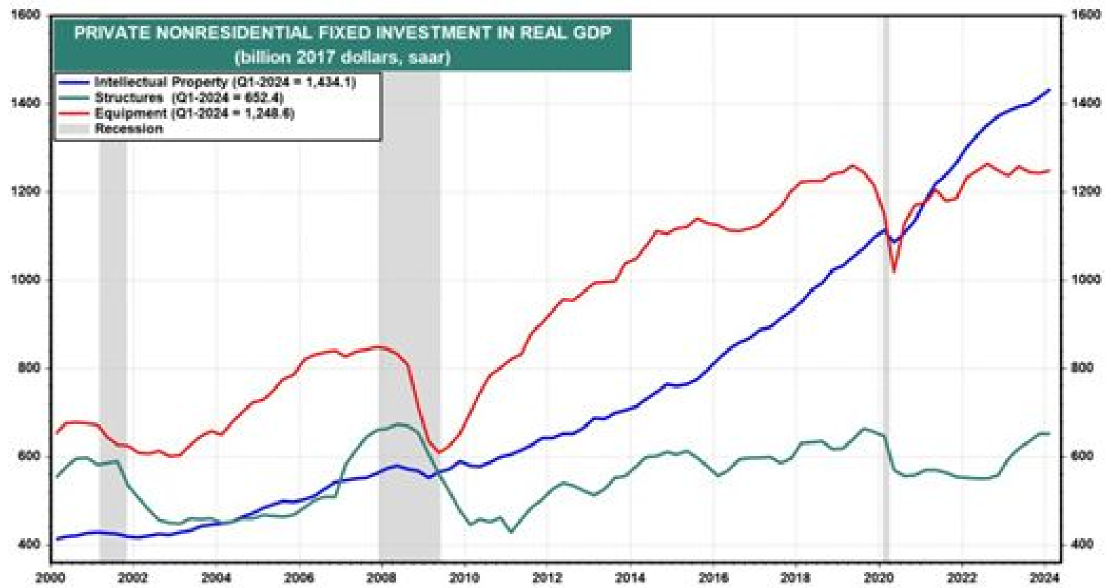
Source: Bloomberg

Investments in Tech and IP Continue to Grow

Capital spending has increasingly been driven by high-tech industry



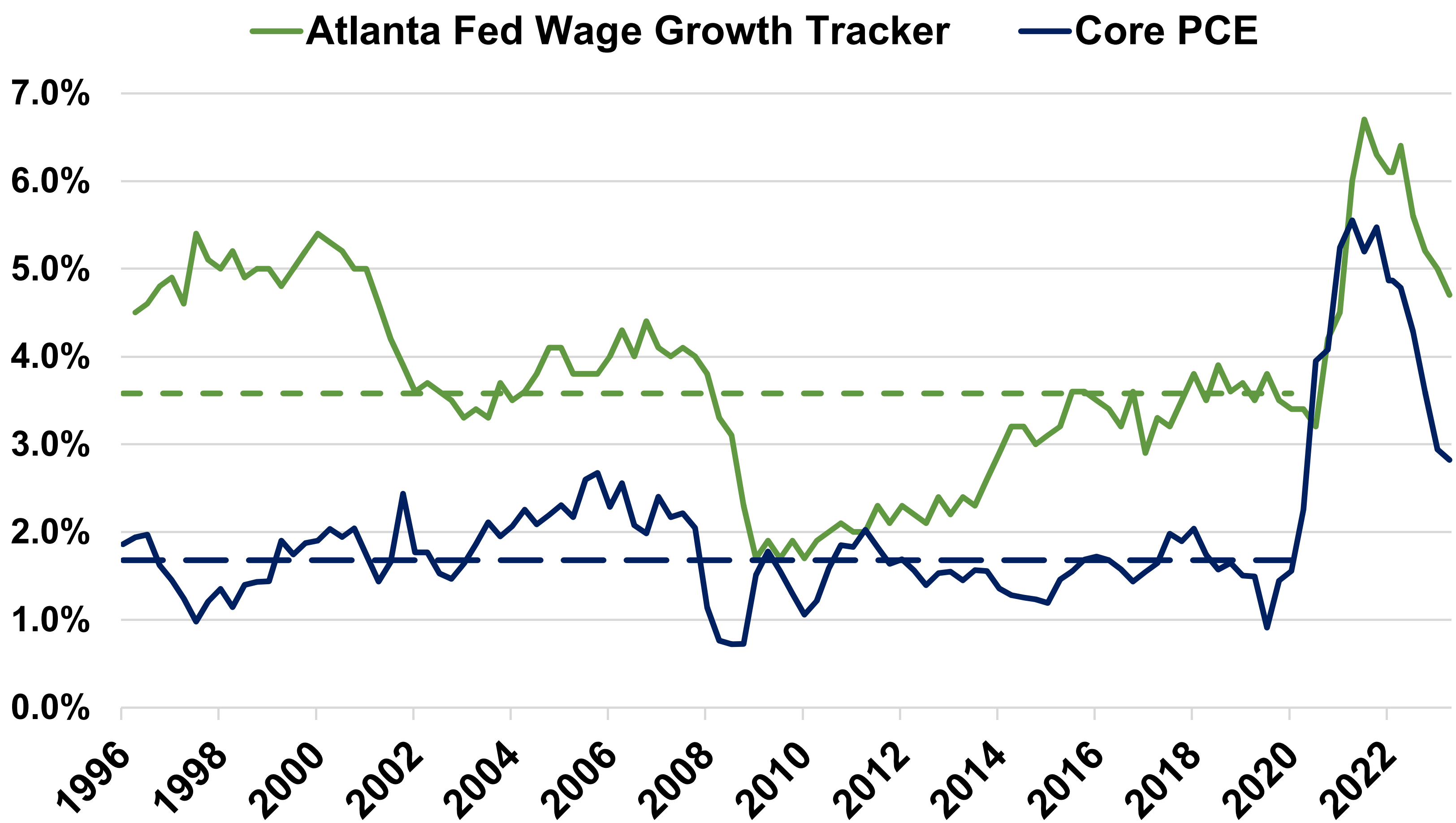
Investments in intellectual property continue to grow while more interest rate sensitive investments in structures and equipment remain flat



Source: Yardeni

Wage Growth Slowing But High

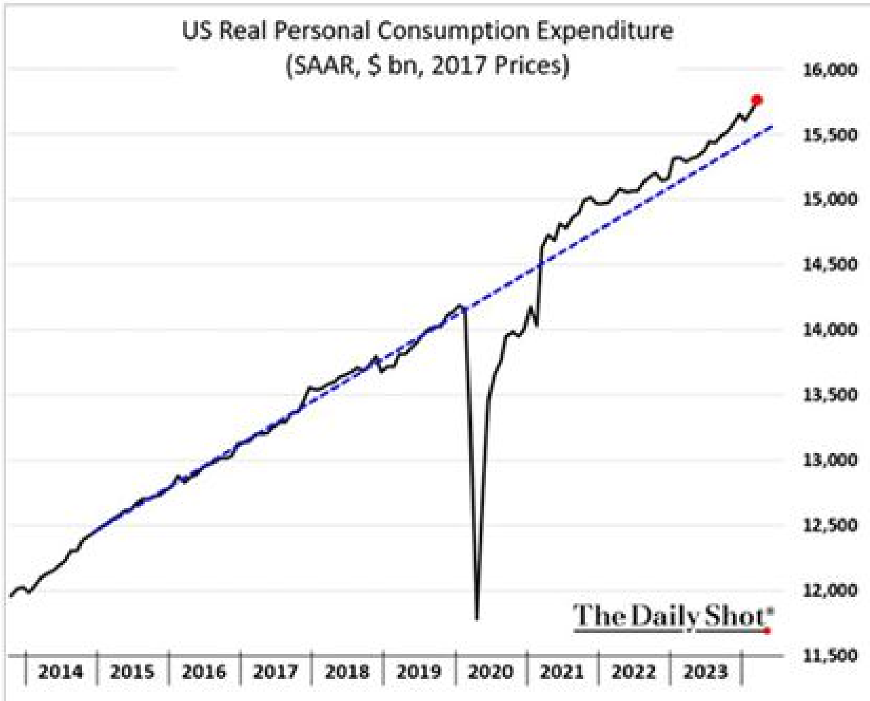
Wages growth remains elevated

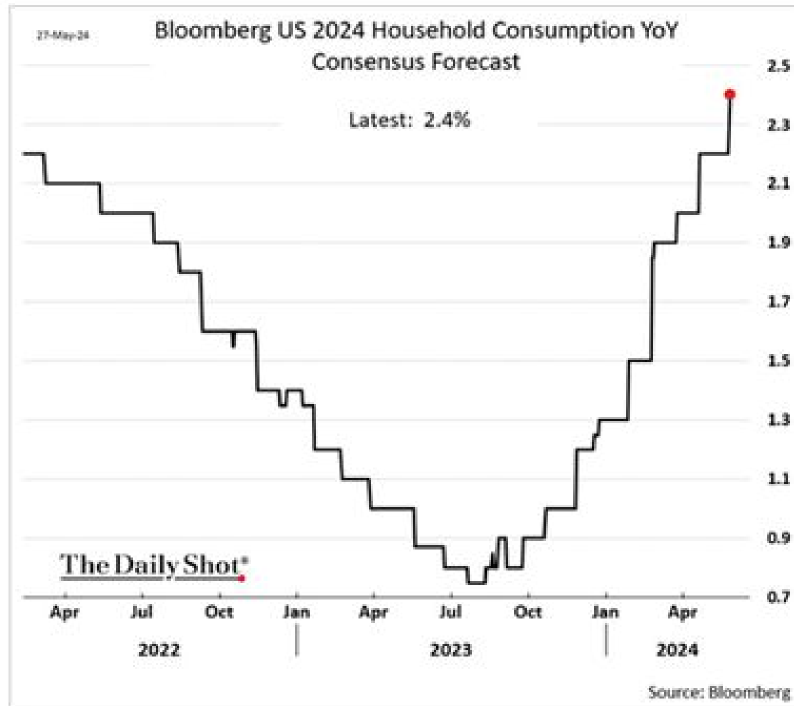


Source: Bloomberg

Consumer Remains Resilient

Consumer spending remains above pre-pandemic trend and YoY expectations at 2.4%

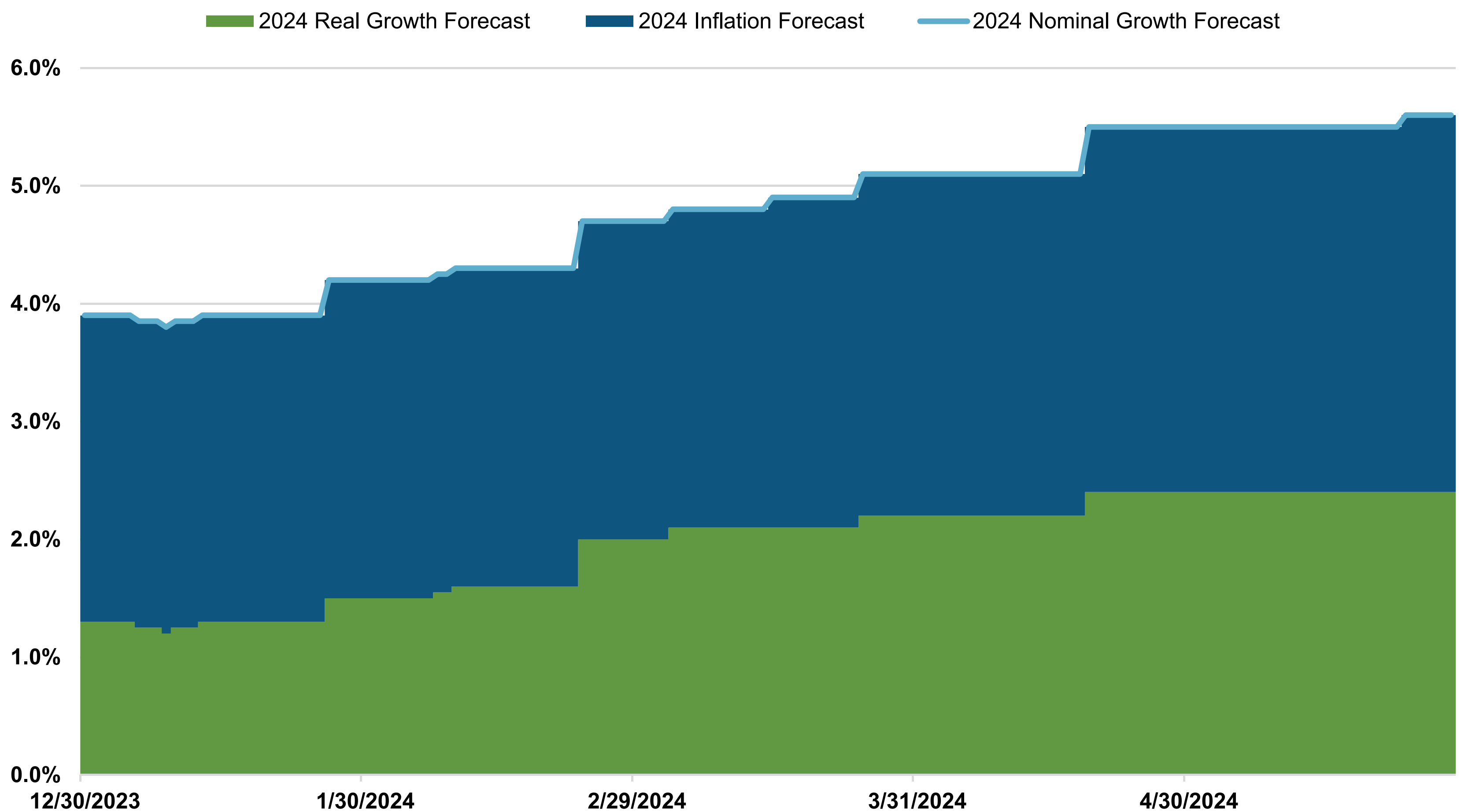




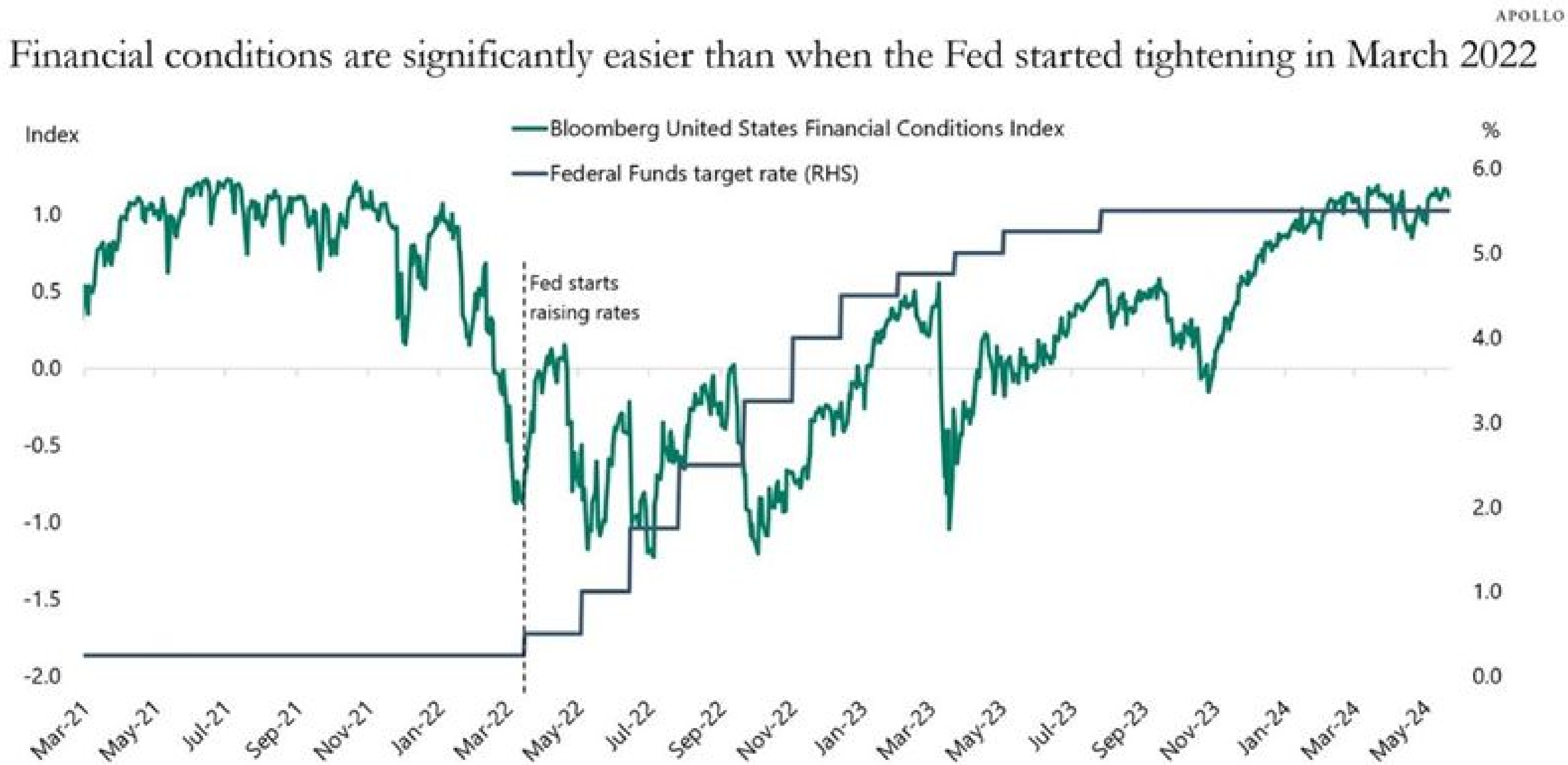
Source: Daily Shot

Growth - Upward Revisions to 2024 Forecasts

2024 Forecasts revised up to 2.4% real growth, 3.2% inflation, 5.6% nominal growth



Financial Conditions Actually Easier Today



Source: Apollo

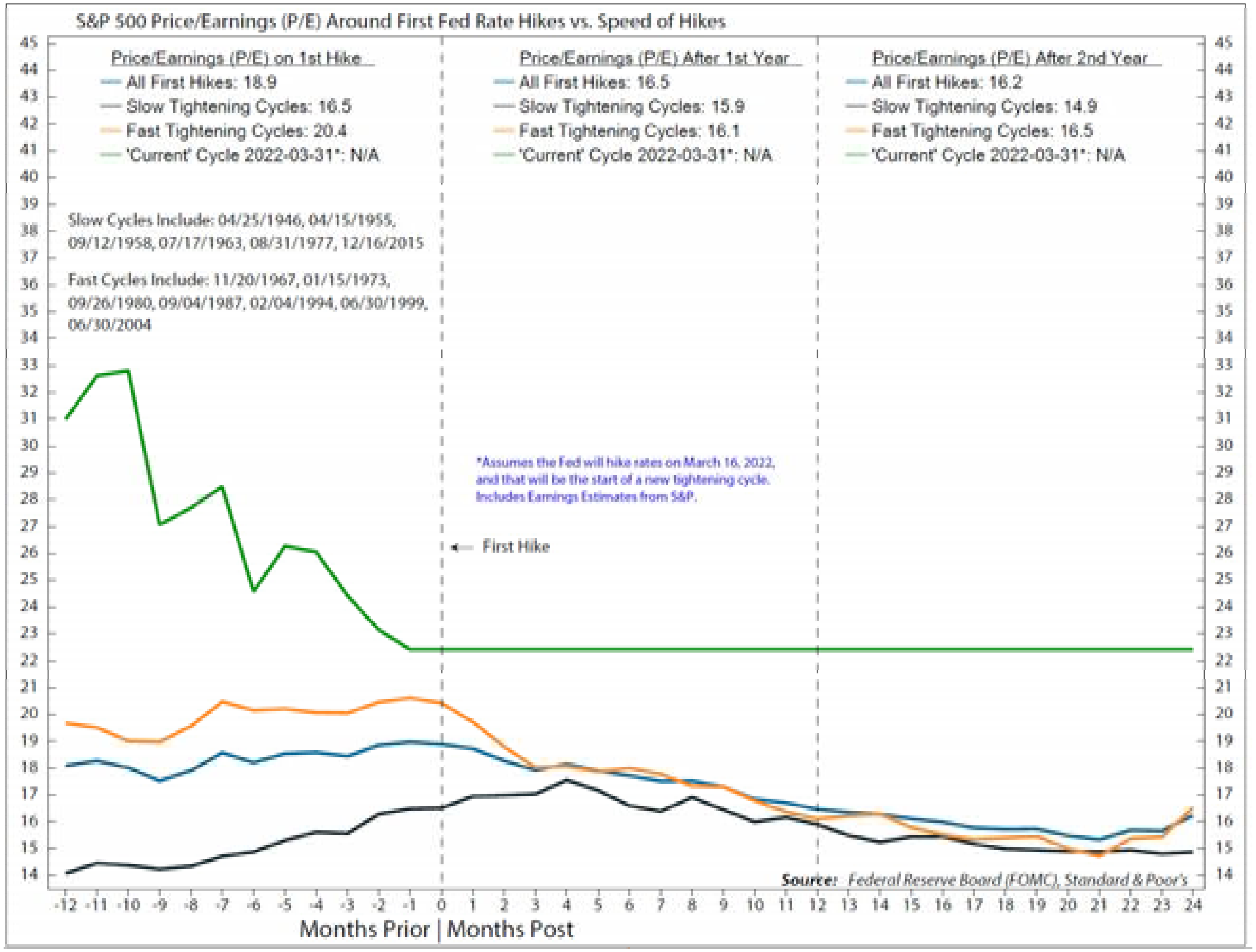
Rates – From 6 Cuts Priced this Year to 1

Sticky inflation, resilient consumer, and strong real and nominal growth have pushed out rate cut expectations

Source: Bloomberg

P/E During Tightening Cycle

Multiples generally trend down for 24 months after first hike



Source: Ned Davis Research

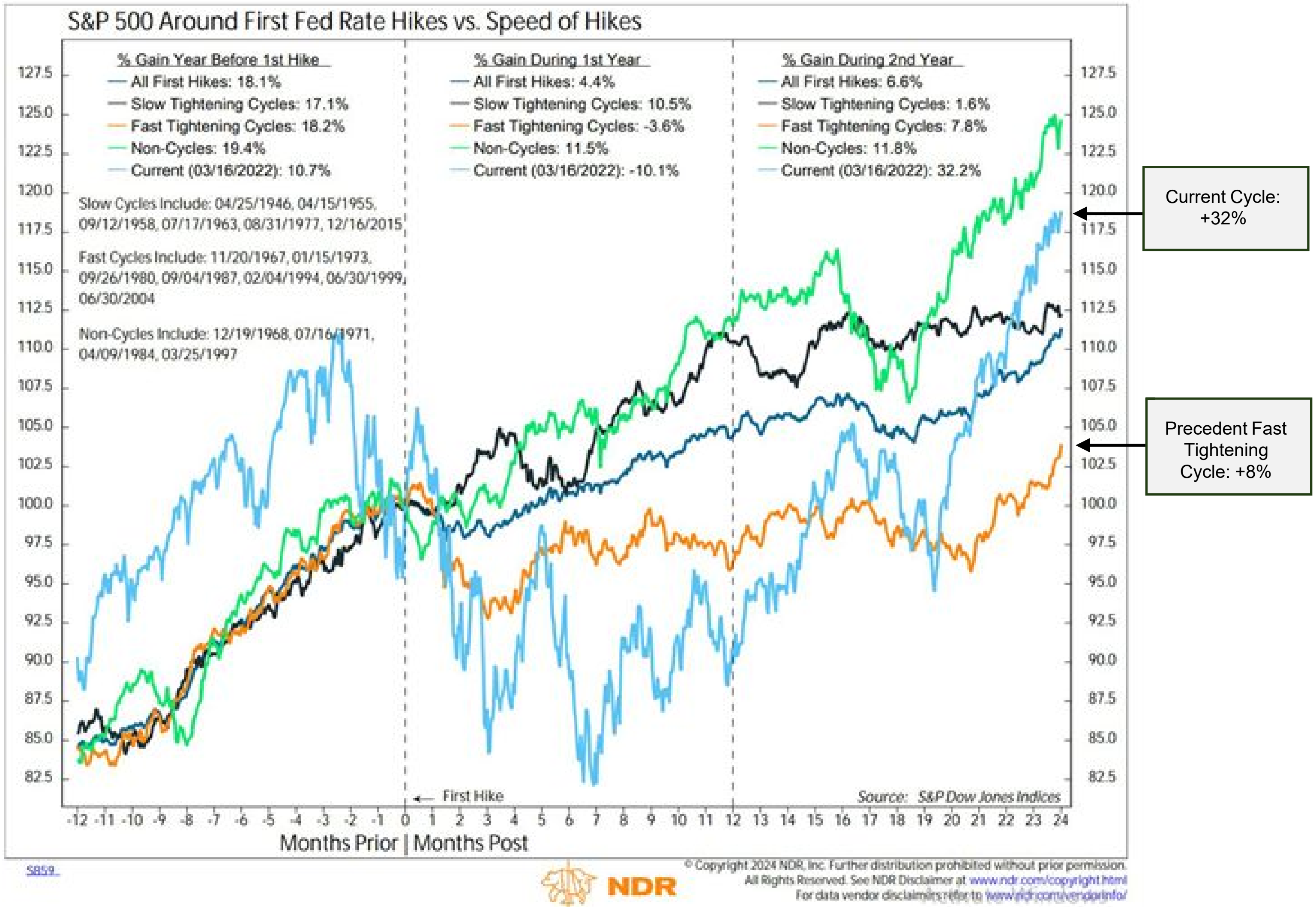
P/E During Tightening Cycle Update

Multiples trended down for approximately six months before rising for last 18m

Source: Bloomberg

Actual Performance During Tightening Cycle

Markets have outperformed when compared to average tightening cycle

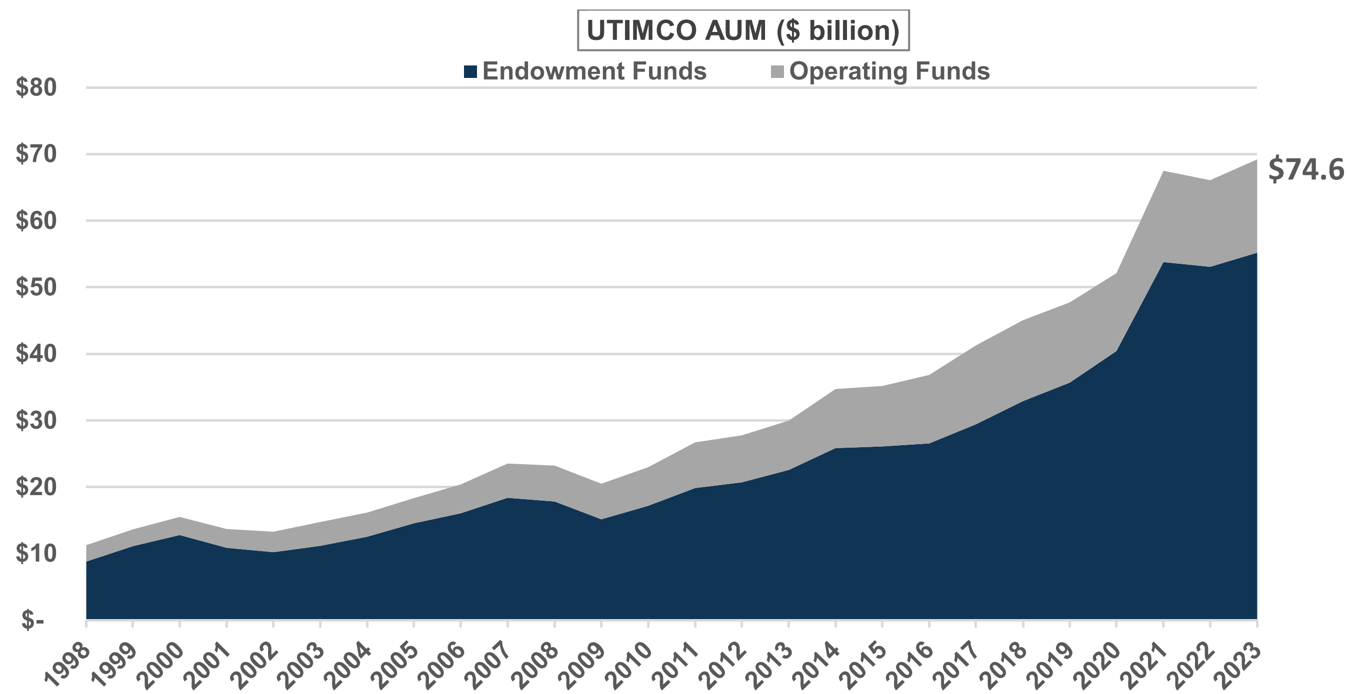


Source: Ned Davis Research

UTIMCO Performance

Growth in Assets Under Management (AUM)

Total Assets through March 31, 2024



One Year Change in AUM

	$ Billion
Beginning Net Asset Value (NAV)	**67.8**
Net Contributions	3.8
Net Investment Income	5.8
Distributions	-2.8
Ending Net Asset Value	**74.6**

3 Year Change in AUM

	$ Billion
Beginning Net Asset Value	**60.1**
Net Contributions	13.0
Net Investment Income	8.9
Distributions	-7.4
Ending Net Asset Value	**74.6**

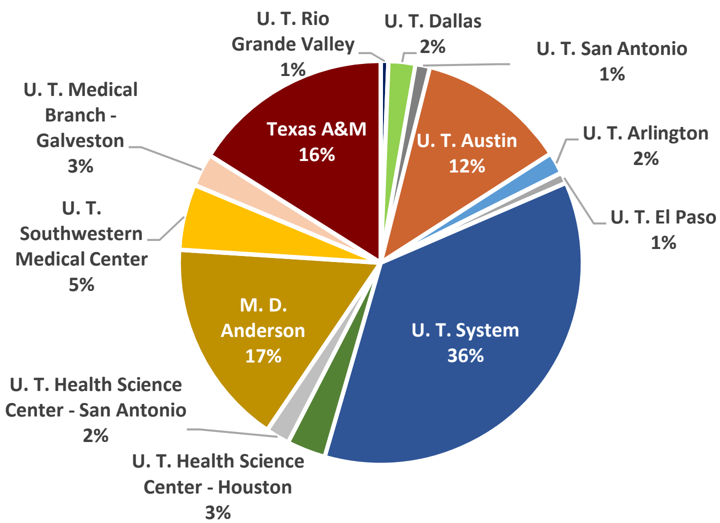
5 Year Change in AUM

	$ Billion
Beginning Net Asset Value	**45.8**
Net Contributions	18.1
Net Investment Income	22.1
Distributions	-11.4
Ending Net Asset Value	**74.6**

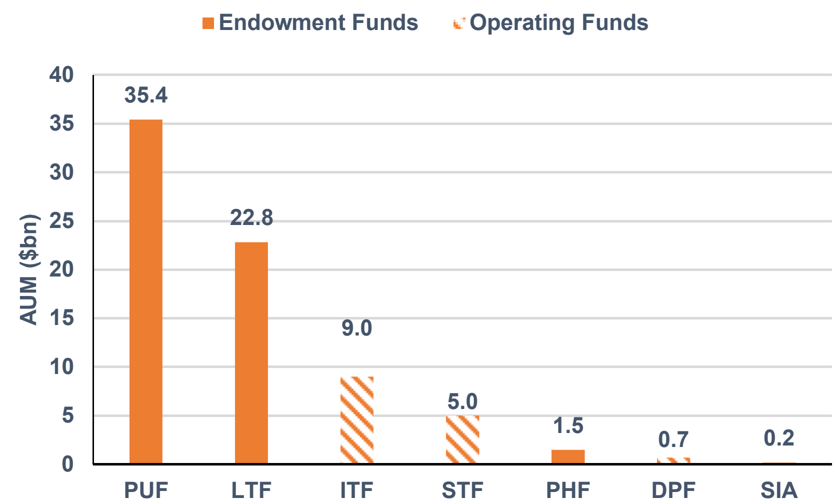
AUM Breakdown

As of March 31, 2024

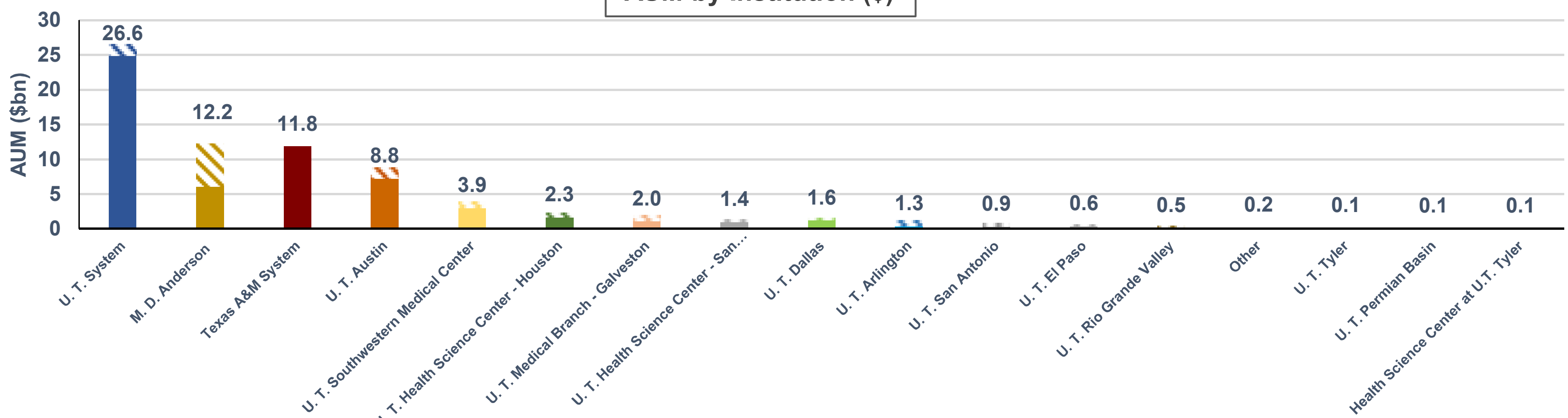
AUM by Institution (%)



AUM by Fund

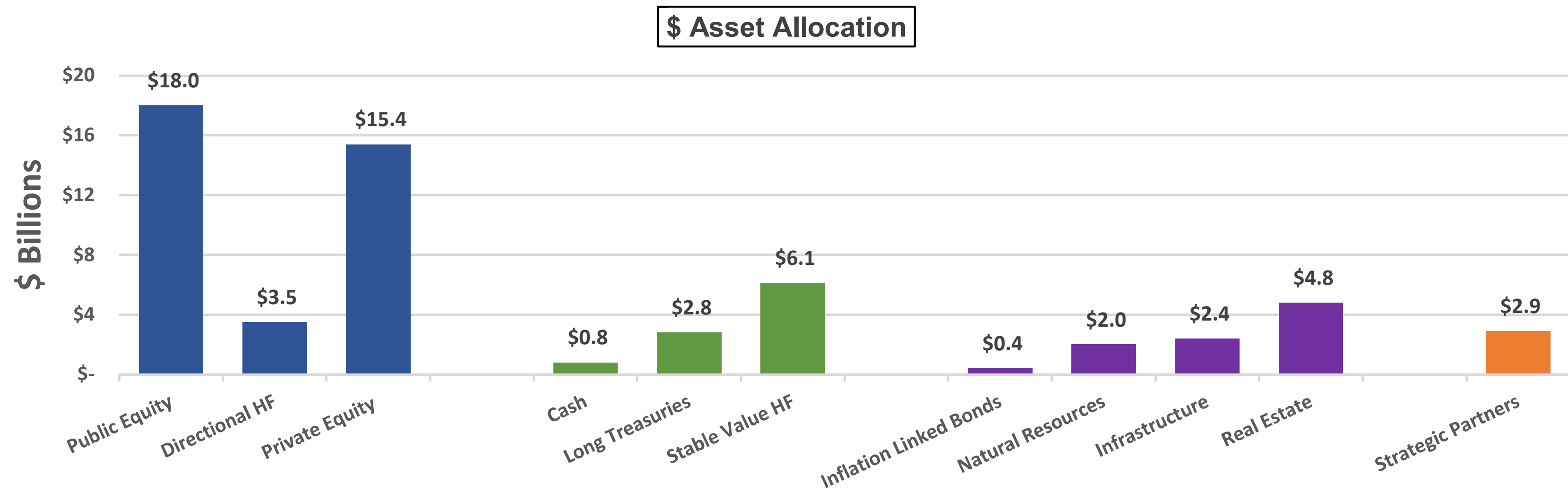


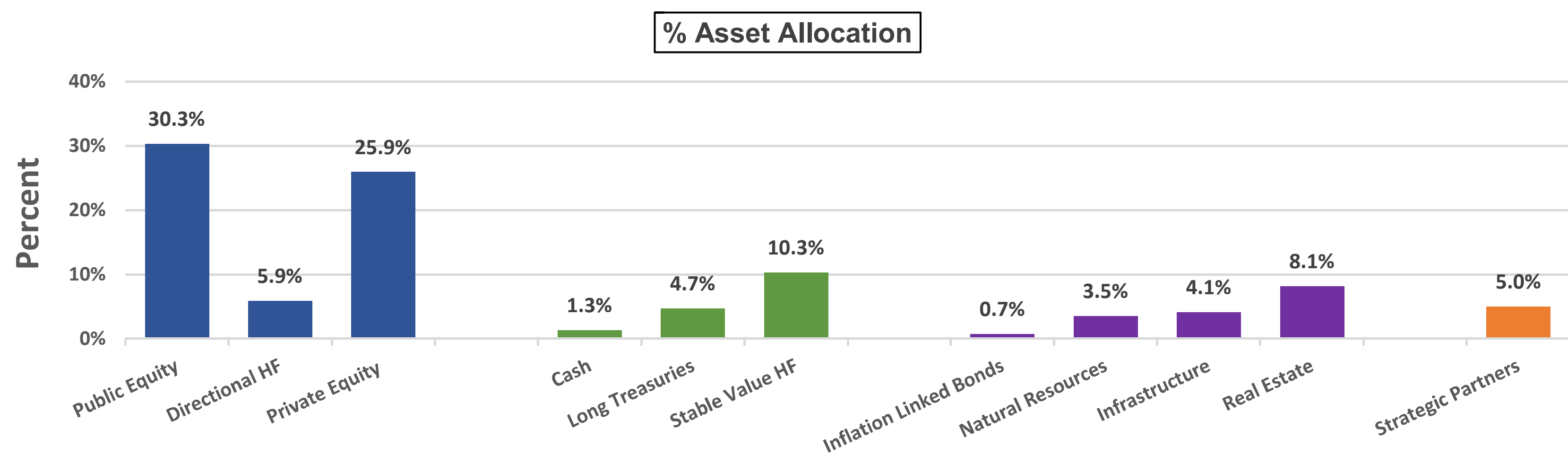
AUM by Institution ($)



Positioning

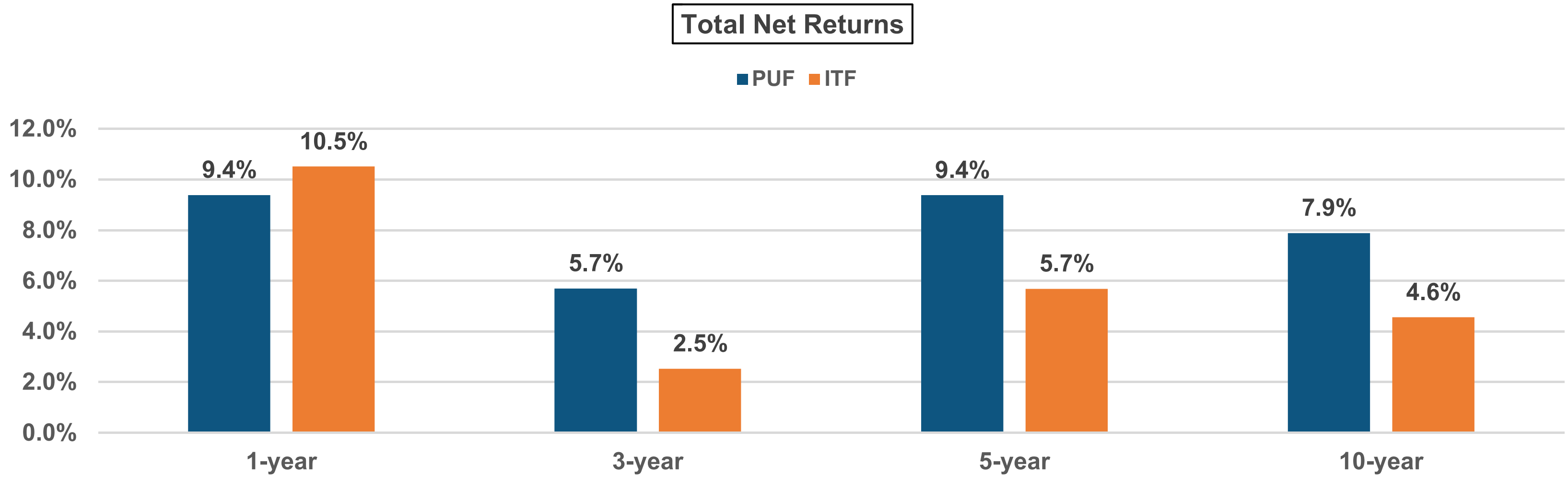
Asset allocation as of March 31, 2024

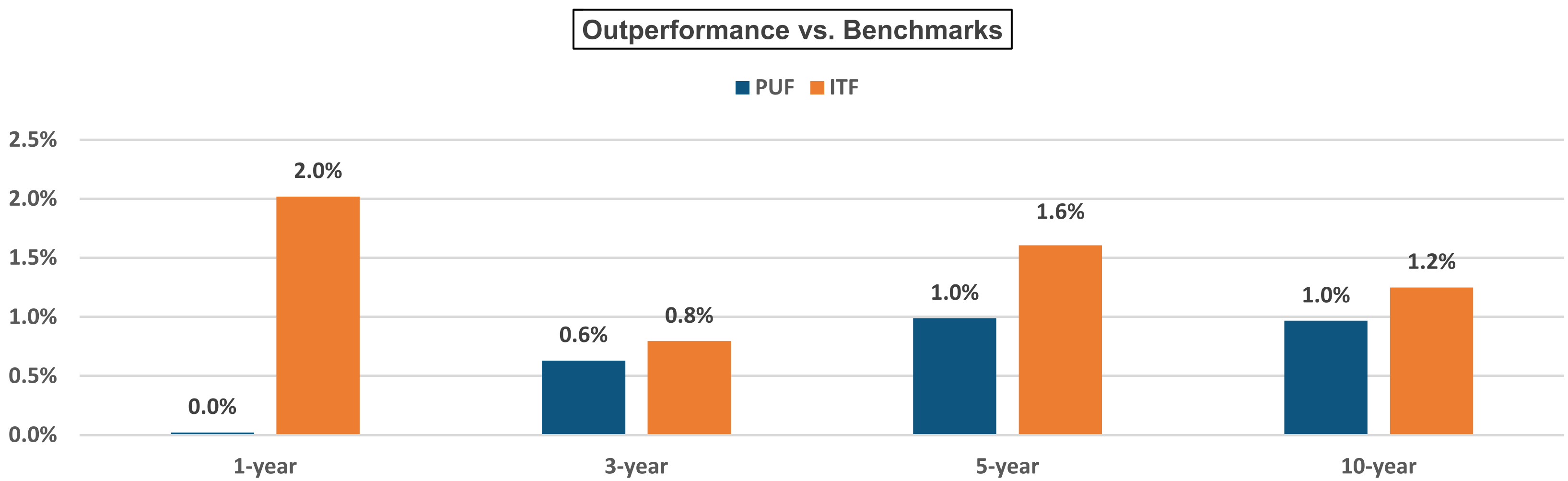




Portfolio Performance

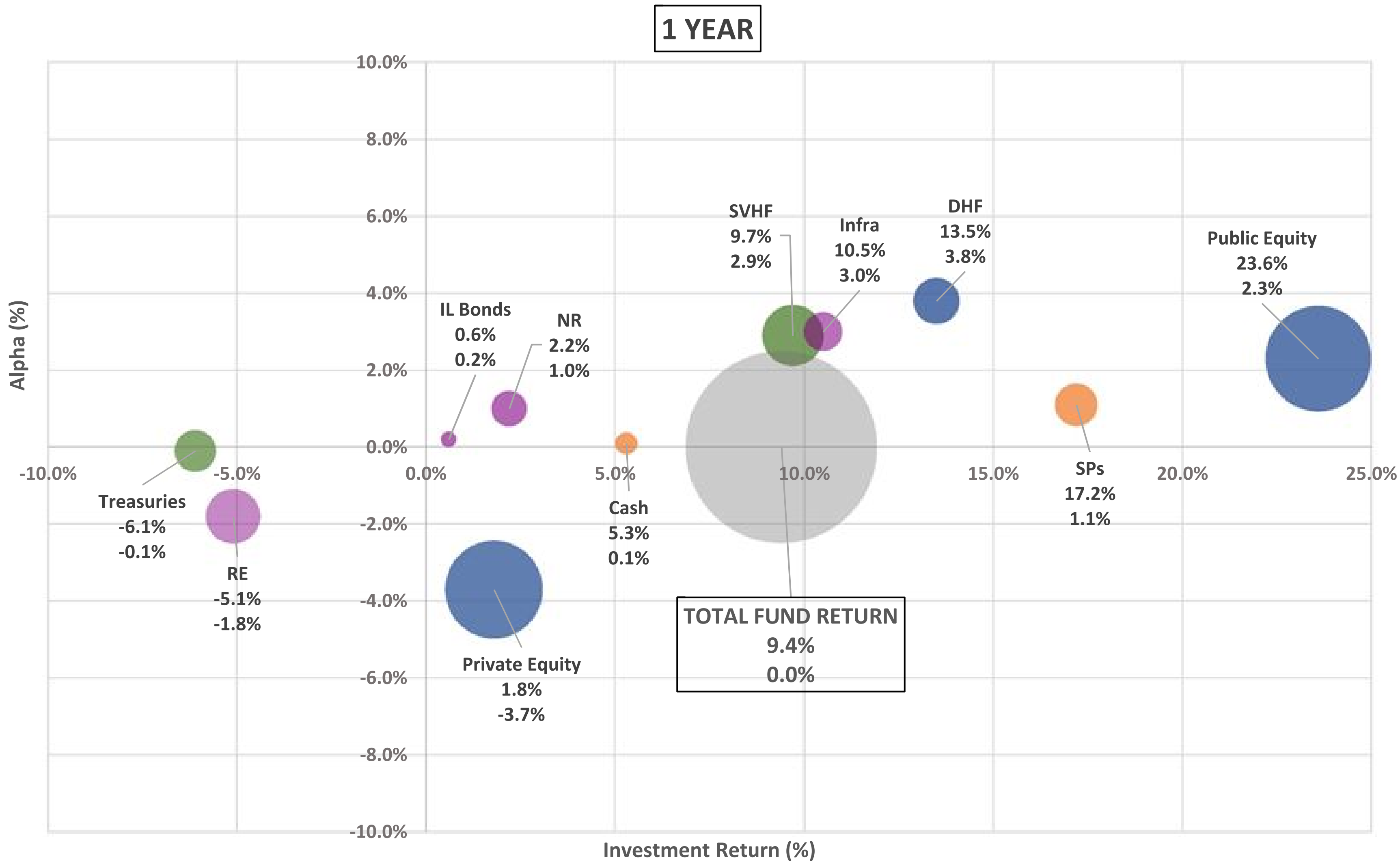
UTIMCO Returns and Alpha as of March 31, 2024





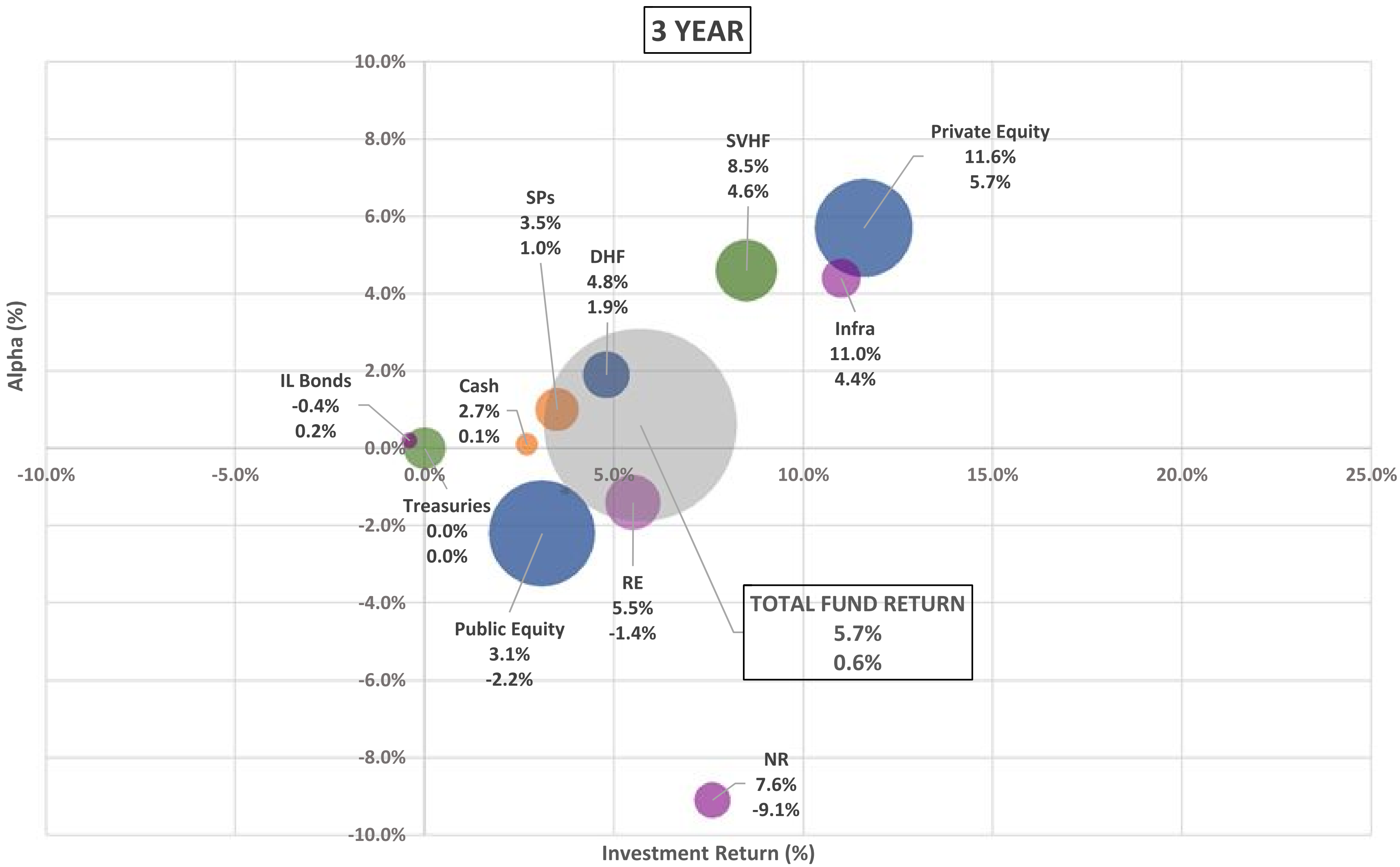
Performance

Detailed 1 Year Performance as of March 31, 2024



Performance

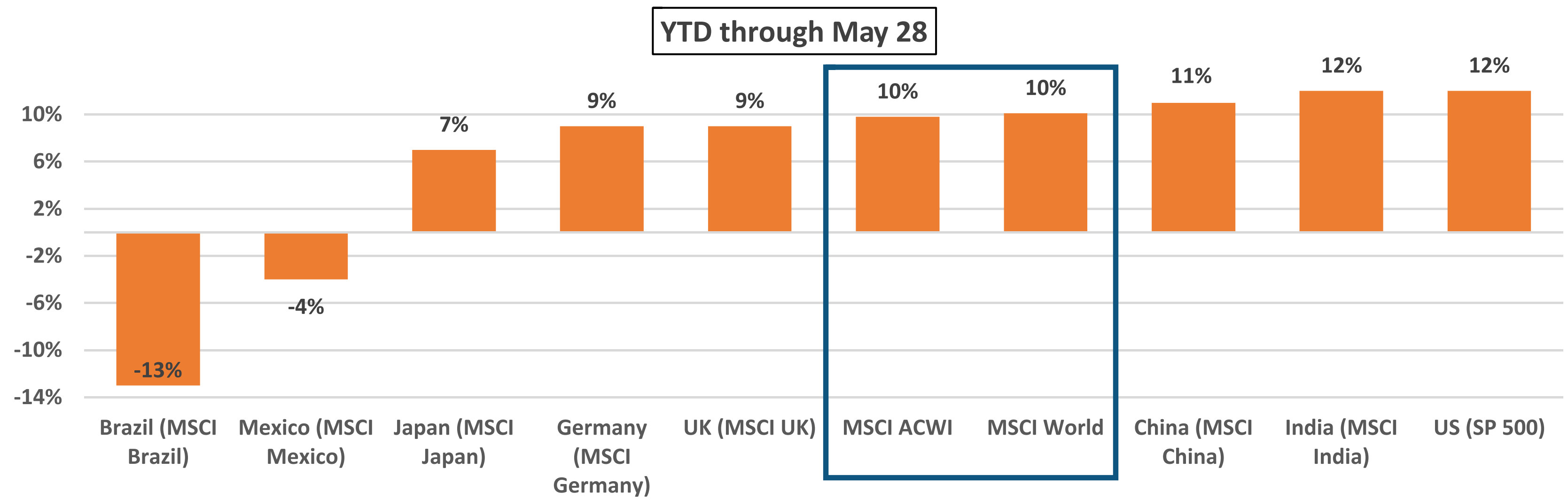
Detailed 3 Year Performance as of March 31, 2024

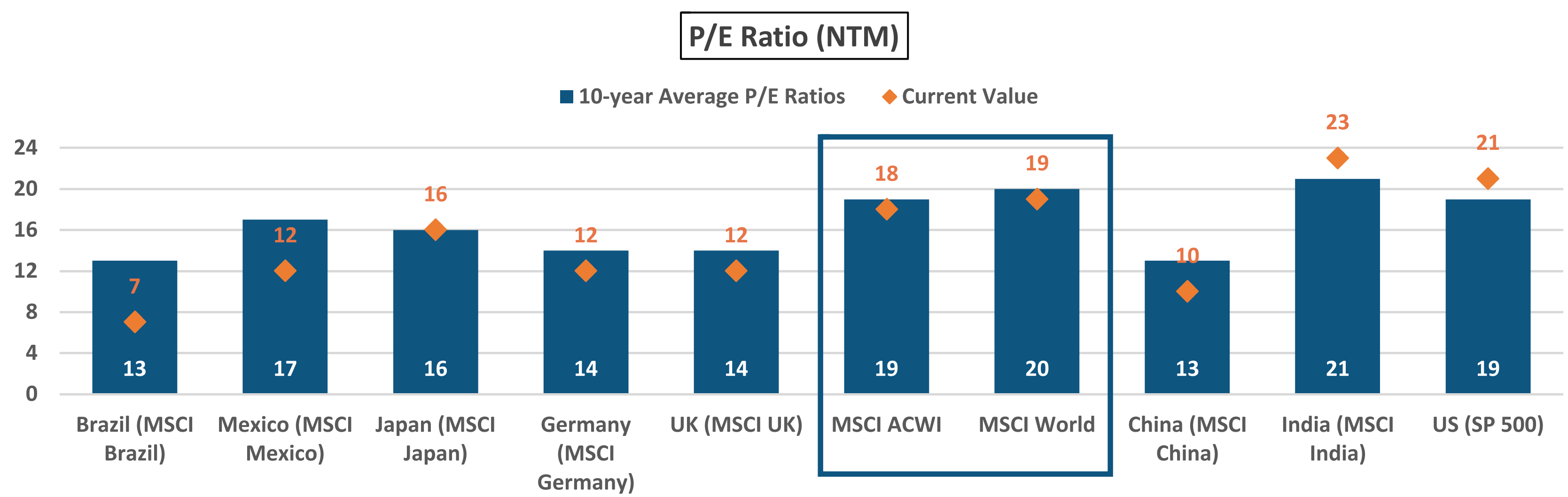


Appendix

Market Overview

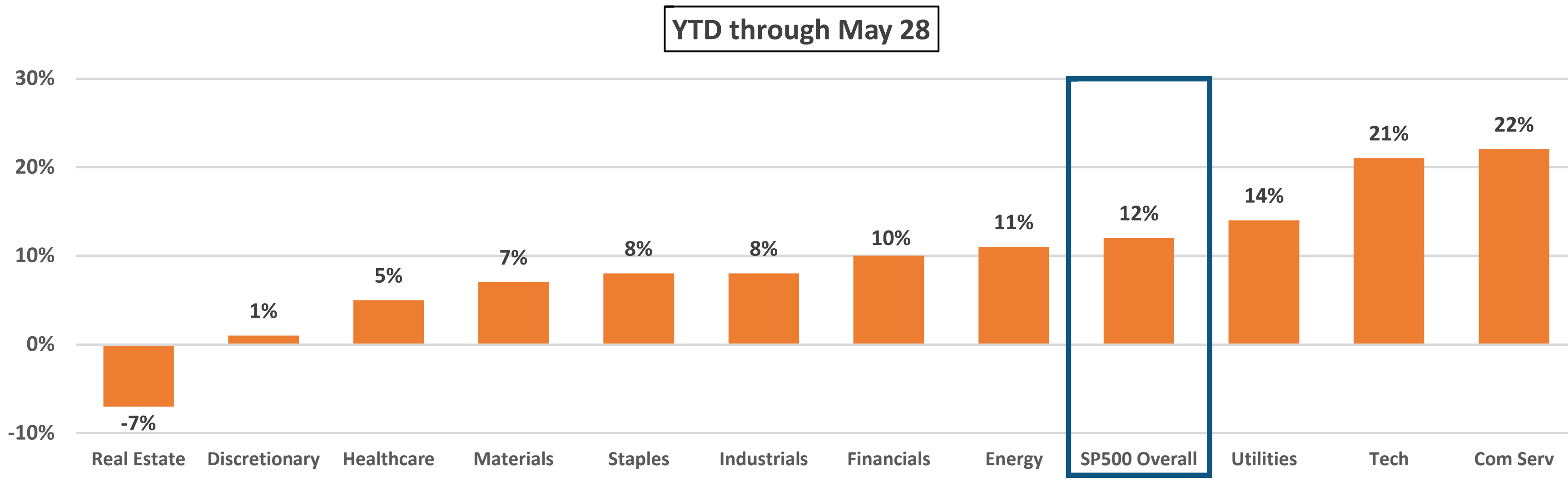
Country Performance and Valuation

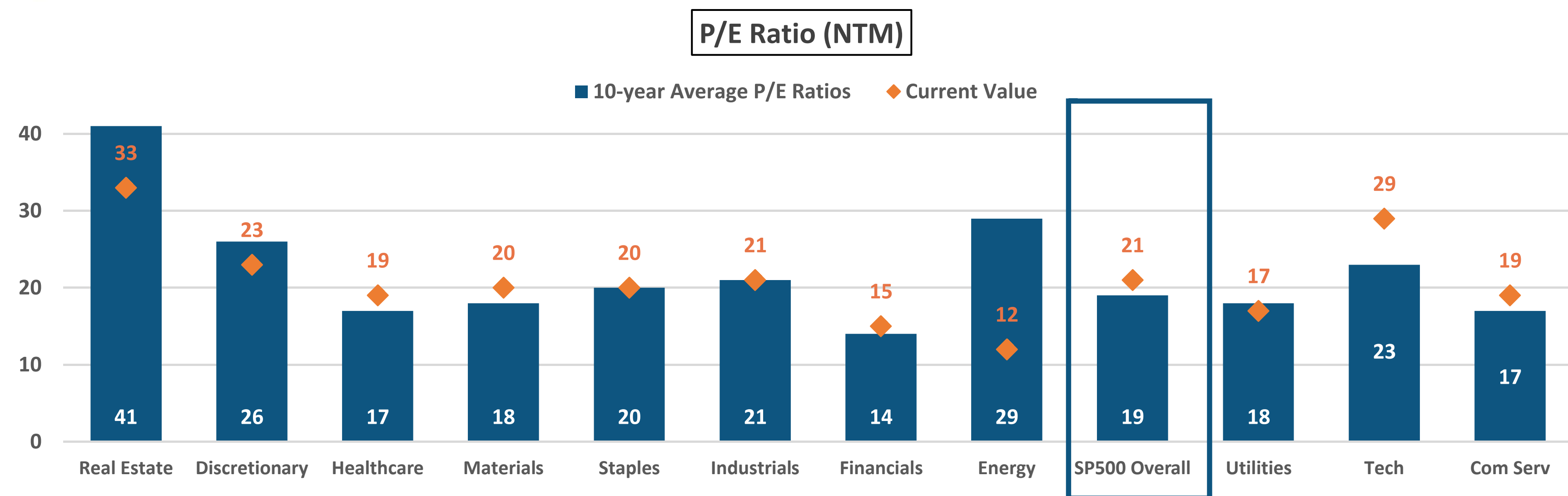




Market Overview

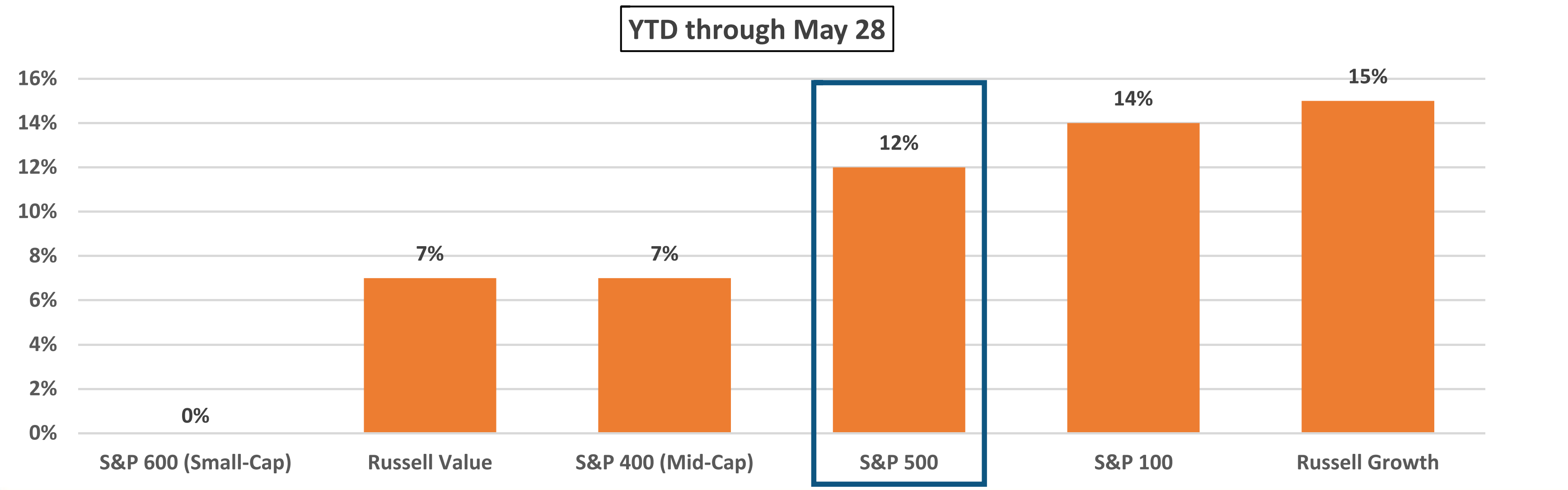
Sector Performance and Valuation

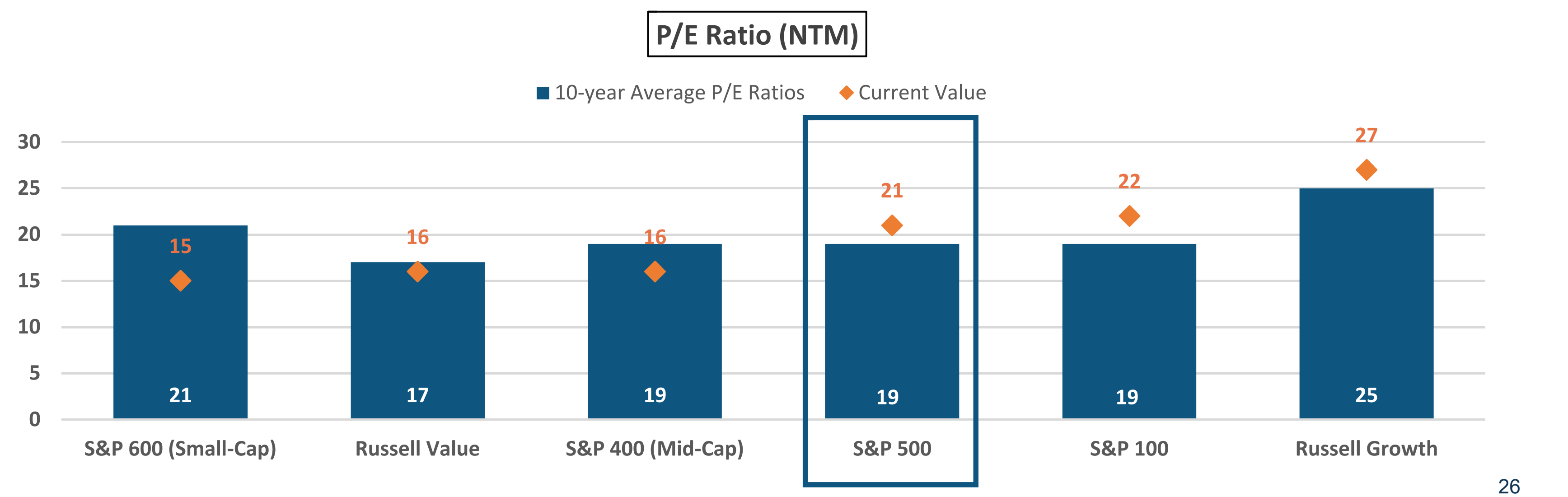




Market Recap

Widely divergent outcomes dependent on style and size





Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item:	Strategic Plan Presentation
Developed By:	Hall, Chen
Presented By:	Hall, Chen
Type of Item:	Information item
Description:	Mr. Hall and Ms. Chen will present UTIMCO's 5-year Strategic Plan.
Recommendation:	None
Reference:	*5-Year Strategic Plan* presentation

Board of Directors Meeting

5-Year Strategic Plan

Richard Hall, CEO & CIO
Susan Chen, Senior Managing Director

June 20, 2024

Agenda

- Executive Summary
- Strategic Priorities
- Benchmarking
- Resource Requirements
- Conclusion

Appendix

1. Personnel Detail
2. Other Budget Detail
3. Historical Baseline
4. Strategic Plan Framework
5. Supporting Data

Executive Summary

UTIMCO successfully executed on the 2019 Strategic Plan

- The **2019 Strategic Plan** (covering 2020-24) outlined success metrics and resources to address **5 key priorities**
- **Implementation** was **successful** despite “plot twists” along the way

2019 Plan Priorities	Results
Increasing scale and complexity	✓ Grew **AUM** to **$75B**
Bench strength and succession	✓ Expanded and upgraded Team ✓ Bolstered senior talent ✓ CTO 2020 + 2022 ✓ General Counsel 2020 ✓ CIO 2022 ✓ CEO 2023
Align **organizational structure**	✓ Information Services & Security ✓ Legal & Compliance ✓ Investment Team
Invest in **support and control**	✓ Added **20 FTEs (69% of total** adds)
Maintain **cost efficiency**	✓ Costs < 12bps ✓ 30% discount to peers

Executive Summary

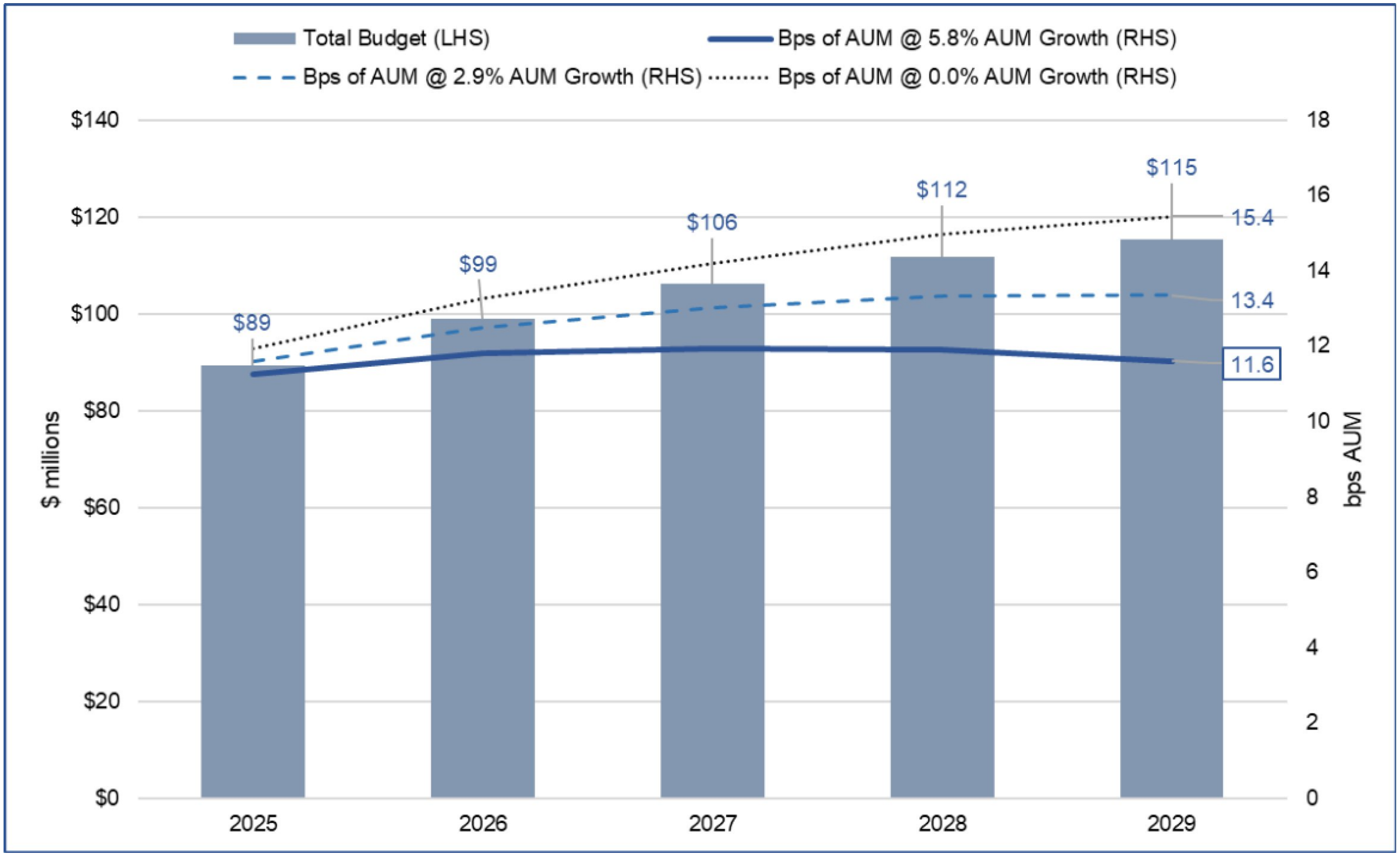
The 2024 Plan will be our priority and resource road map for the next 5 years

- The **2024 Strategic Plan** (covering 2025-29) outlines **future priorities** and **success metrics**
- Positions UTIMCO and our clients for **long-term success**
- Supports **expected AUM increase of ~$20 billion or ~26%** by 2029
- Requires ~**11.6bps** of AUM annual budget, which is:
  - Slightly above FY 2024 budget of ~10.7bps of AUM
  - Well **below peer** expense ratios

2024 Plan Priority	Objectives & Resources
Talent	• Attract, develop and retain top talent • ~10 new FTEs
Technology	• Improve and maintain infrastructure, applications and tools • Enhance productivity and efficiency • Selective use of Contract Services
Data	• Modernize data architecture • Enhance data analytics to generate investment insights • Increasing Data & Subscription costs
Investment Design	• Continue evolving investment design; generate strong performance
Liquidity & Leverage	• Identify and implement added liquidity resources • Approve Repo counterparties and prime broker

Executive Summary

Projected budget ranges from 11-15bps of AUM, depending on AUM growth rate



Projected total budget as bps of AUM assume "base case" of ~6% annual AUM growth (rates of ~6%, 0% and 2% for PUF/GEF, ITF and STF, respectively).
Total budget includes UTIMCO personnel costs, other UTIMCO costs and direct Fund costs.

Strategic Plan and Budget Process

Strategic Plan sets 5-year direction, while budgets are approved annually

Strategic Plan Objectives

- Prepare UTIMCO for the future; and fulfill UTIMCO's mission, vision and values
- Establish a long-term plan that is fully supported by UTIMCO's Board of Directors and the UT Board of Regents

Planning & Development

Oct 2023 to Feb 2024

- Brainstorming
- Research
- Prioritization

Mar 2024 to June 2024

- Feedback
- Benchmarking
- Resource Estimates

Approval & Execution

June 2024 to Sept 2024

- Present Strategic Plan:
  - UTIMCO Board
  - UT Board of Regents
- FY 2025 budget approval

FY 2026 to FY 2029

- Calibrate actual results vs. Plan
- Review projected needs
- Course correct if needed
- Approve annual budgets

Strategic Priorities

Priority 1: Invest in Talent – UTIMCO’s Competitive Edge

Develop talent; optimize total rewards; simplify performance management

Challenge	Opportunity	Success Metric
Key operations retirements likely in next 5 years	Talent assessment, targeted development and succession planning	Effective transition of key roles
Increasingly competitive labor market (investment industry, Austin)	High ROI adjustments to: ▪ Compensation Program ▪ Employee benefits mix ▪ Learning & Development curriculum	Strong talent recruitment and retention High employee engagement and satisfaction
Evolution of organization and employee base	Performance management enhancements	Increased transparency and clarity related to career paths and incentive awards

Source: images from Shutterstock

Priority 2: Evolve our Technology Infrastructure & Tools

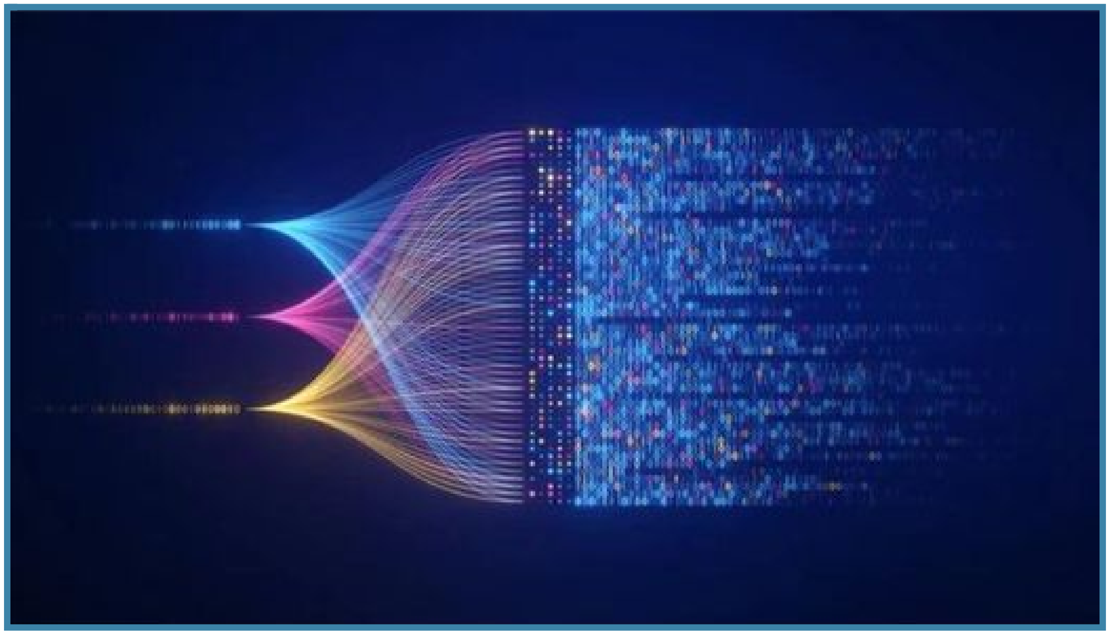
Embrace new tools to stay competitive, enhance productivity and improve efficiency

Challenge	Opportunity	Success Metric
Ongoing and rapid evolution of ▪ Systems, storage and network offerings ▪ Hardware and software capabilities ▪ Security requirements	Optimal infrastructure environment helps drive business value and innovation	Expansion and maintenance of strong foundation to support business goals
New (and growing number of) automation tools and generative AI applications	Selection of the right tools has potential to significantly increase productivity and deliver insights	Thoughtful criteria to evaluate utility and security of different offerings Deployment and adoption of initial tools

Source: images from Shutterstock

Priority 3: Enhance our Data Capabilities

Make data findable, trustable, accessible and secure

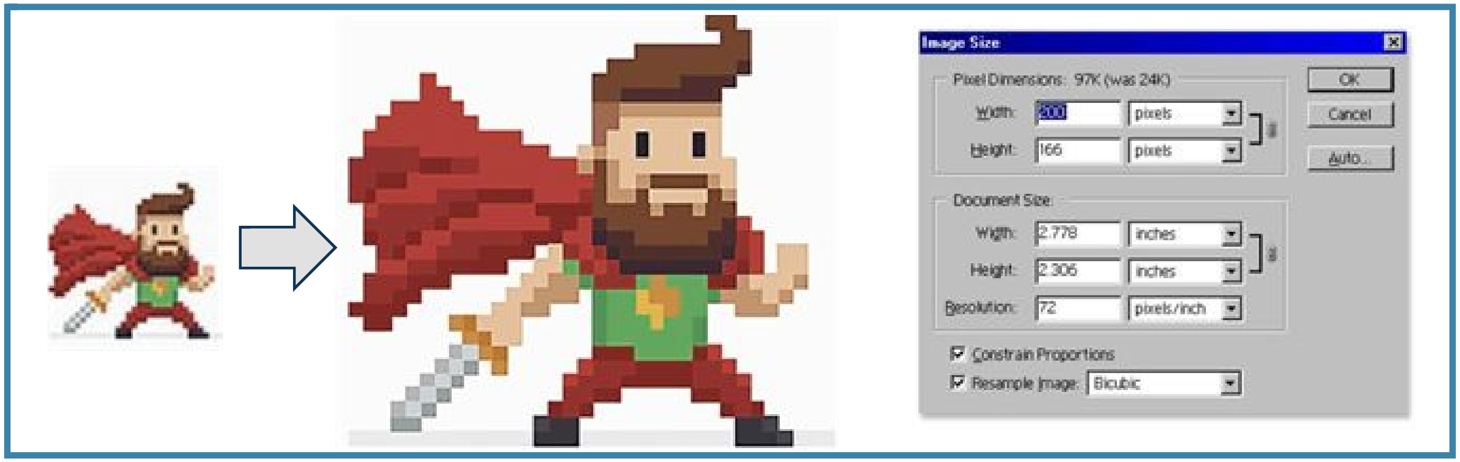


Challenge	Opportunity	Success Metric
Exponential growth in volume and type of investment-related data	Harnessing data for improved insights and decision-making	Comprehensive and scalable systems that meet business needs
Rising cost of data and data services	Identifying and onboarding good products and services; terminating those we don't use to manage costs	Maintaining cost efficiency

Source: images from Adobe

Priority 4: Adapt Investment Design and Generate Strong Performance

Design for scale; strengthen partnerships; capture opportunities

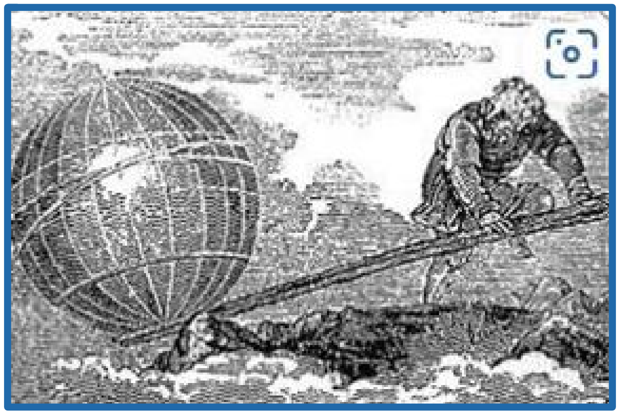


Challenge	Opportunity	Success Metric
Large and growing asset base can be less nimble	Scale, long-term approach and relatable mission increase value of UTIMCO's capital to investment partners	Increased access to (and capacity with) high-performing managers
Evolution in micro-structure of all asset classes: ▪ Private equity and venture capital ▪ Real assets ▪ Public equity ▪ Hedge funds ▪ Fixed income	New approaches to scaling and creating value, *e.g.*: ▪ GP stakes ▪ Secondaries ▪ Private credit ▪ Direct and co-investments ▪ Portable alpha and active extension ▪ Managed account platform	Strong performance Meaningful alpha contribution from new approaches

Source: images from Photoshopessentials.com

Priority 5: Optimize Liquidity and Leverage Profiles

Prepare now for future contingencies



Challenge	Opportunity	Success Metric
"Frictional" liquidity needs (for short-term uses) will scale along with size of the Funds History of financial markets suggests that unpredictable, short-lived but extreme stress periods will recur (*e.g.*, March 2020)	Reduce "ordinary course" friction Improve UTIMCO's ability to take advantage of future opportunities, *e.g.*: ▪ Temporary warehousing of private investment commitments that are larger than final expected "hold amount" ▪ Borrowing and selling short equities directly to "box" or hedge certain long equity exposures	Approval and setup of new liquidity and leverage sources (with appropriate guardrails)

Source: images from CUSO Magazine, Wikipedia

Benchmarking

Benchmarking: Large Peers

UTIMCO cost ratios compare very favorably to large E&F peers and OCIOs

- Historical operating cost ratio (total budget in bps of AUM) ranges from **30% to 70% of peers**
- Budget per FTE ranges from **50-70% of most comparable[+] peers**

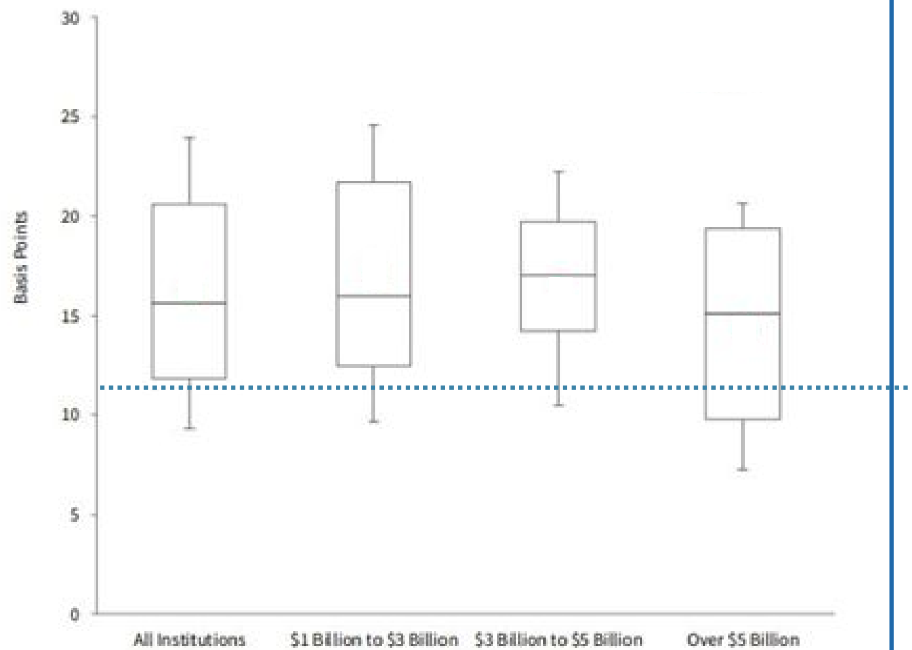
	UTIMCO	Cambridge > $5 B Peers	Endowments					Foundations					Outsourced CIOs and FoFs			
			A	B	C	D	E	AA	BB	CC	DD	EE	1	2	3	4
Budget Year	2023		2023	2023	2023	2023	2023	2022	2022	2022	2022	2022	2023	2023	2023	2023
Budget Year AUM ($ billion)	~$72		~$56	~$44	~$40	~$35	~$14	~$18	~$14	~$14	~$9	~$9	~$40	~$27	~$20	~$17
Est. Budget ($ million)	$76		$100		$68		$34	$30	$19	$19	$16	$16	$100	$63	$70	$60
Est. Budget (bps of AUM)	10.6	15.1	18.0		17.0		24.6	16.8	13.4	13.7	17.7	18.4	25.0	23.5	35.0	35.0
Efficiency as % of UTIMCO		*70%*	*59%*		*62%*		*43%*	*63%*	*79%*	*77%*	*60%*	*58%*	*42%*	*45%*	*30%*	*30%*
Team Composition																
Investments	56		29	19	23	24	18						20	50	40	19
Support & Control (ex-ISS)*	50		50	18	30	22	22						200	40	36	24
Information Services & Security	28		27	3	5	4	3						30	40	6	4
Total FTE	134		106	40	58	50	43						250	130	80	45
AUM / FTE ($ million)	$537		$525	$1,100	$691	$706	$322						$160	$208	$250	$378
AUM / Investor ($ billion)	$1,286		$1,921	$2,316	$1,743	$1,471	$770						$2,000	$540	$500	$895
Budget / FTE ($ million)	$0.57		$0.95		$1.18		$0.79						$0.40	$0.49	$0.88	$1.32
UTIMCO Budget / FTE vs. Peer			*60%*		*48%*		*72%*						*142%*	*117%*	*65%*	*43%*
Operating Metrics																
% of Total FTEs																
Investments	42%		27%	48%	40%	48%	42%						8%	38%	50%	42%
Support & Control (ex-ISS)*	37%		47%	45%	52%	44%	51%						80%	31%	45%	53%
Info Services & Security**	21%		25%	8%	9%	8%	7%						12%	31%	8%	9%

Sources: UTIMCO research; Cambridge Associates Investment Office Oversight Costs Survey (April 2023); Charles Skorina and FoundationMark (2022).
Total budget includes UTIMCO costs as well as direct Fund costs. AUM includes assets across PUF, GEF, ITF and STF.
+ OCIOs 1 and 2 have significant non-investment client support functions.
** Support & Control (ex-ISS) includes operations, accounting and reporting; legal and compliance; corporate accounting; HR; and administration.*
*** Info Services & Security for several endowment peers is provided by university client.*

Benchmarking: Endowments > $5B

Historical and projected operating cost ratio is well below peer median of ~15bps

DISTRIBUTION OF TOTAL INVESTMENT OVERSIGHT COSTS
As of June 30, 2022



Total Oversight Costs (bps)	All Institutions	$1 Billion to $3 Billion	$3 Billion to $5 Billion	Over $5 Billion
Mean	16.3	17.2	16.5	14.4
90th Percentile	23.9	24.6	22.2	20.7
75th Percentile	20.6	21.7	19.7	19.4
Median	15.6	16.0	17.1	15.1
25th Percentile	11.8	12.5	14.3	9.8
10th Percentile	9.3	9.6	10.5	7.3
n	*57*	*32*	*8*	*17*

UTIMCO

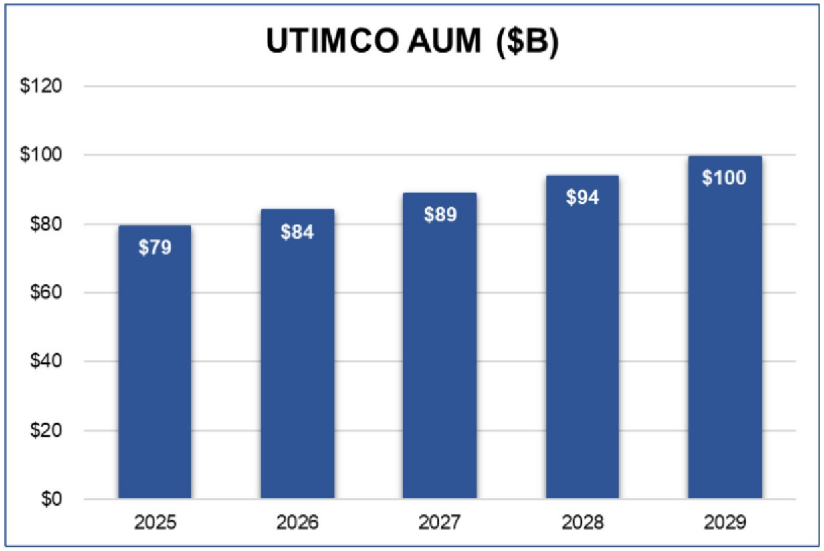
2025-29: 11.6bps
2024: 10.7bps
2023: 10.6bps

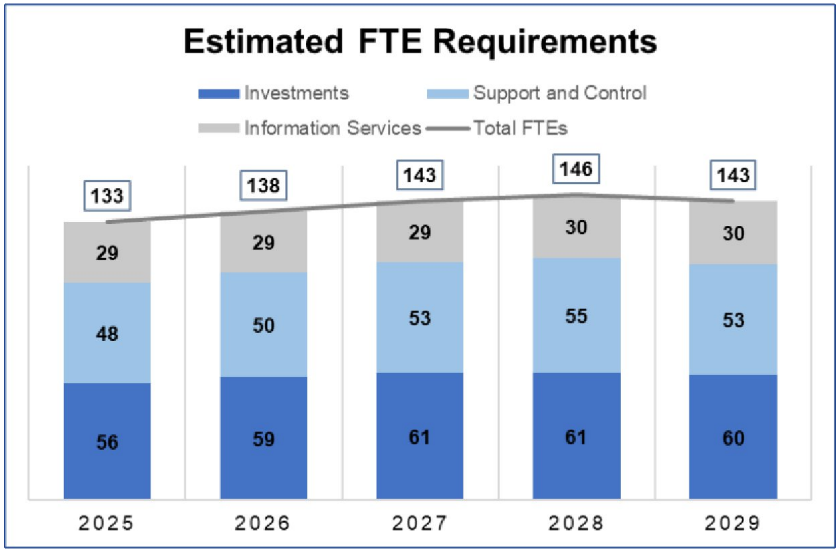
Source: Cambridge Associates Investment Office Oversight Costs Survey (April 2023).

Resource Requirements

Resource Requirements: Summary

Over next 5 years, projecting total AUM growth of ~26% and FTE growth of ~8%





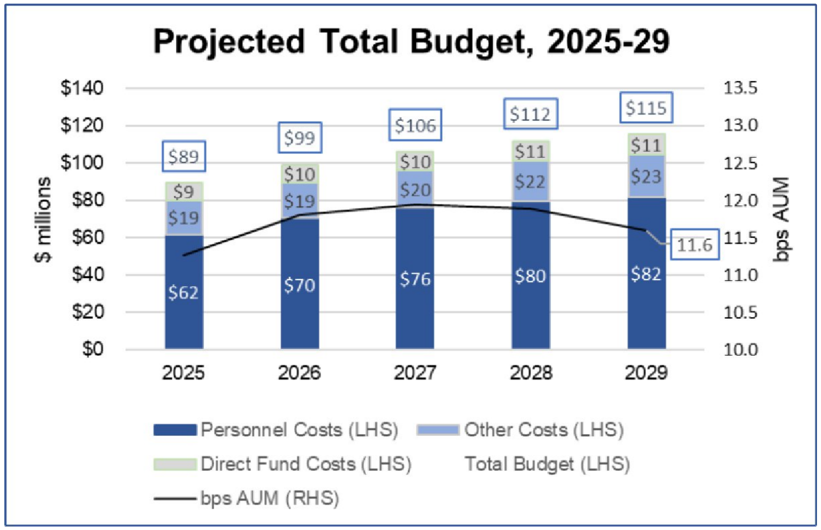
- Relative to last Strategic Plan, **personnel growth needs** have **tapered**
- We expect to grow headcount by net **10 FTEs** (**~8% increase** over Plan period) across Investments (+4), Support & Control (+5) and Information Services: +1
- These additions support strategic priorities and expected AUM increase of **~$20 billion or ~26%** by 2029

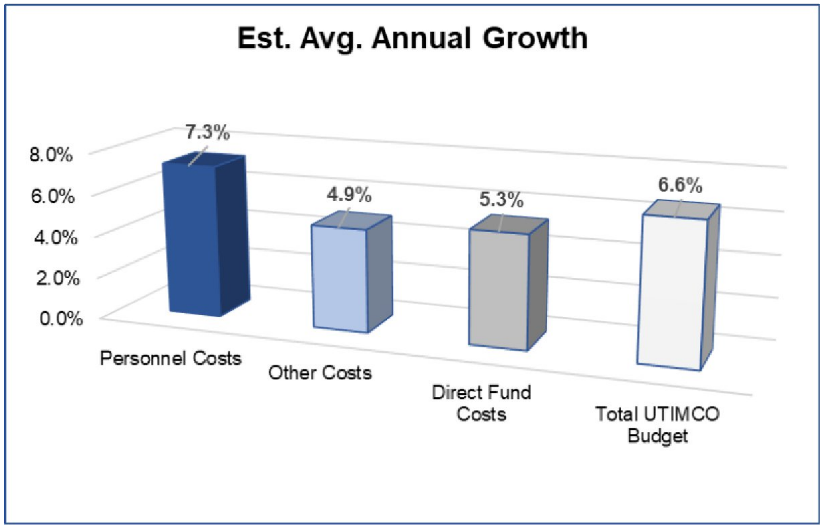
Projections for FY 2025-29 assume approximately 6% annual AUM growth (rates of ~6%, 0% and 2% for PUF/GEF, ITF and STF, respectively).
Support & Control (ex-ISS) includes operations, accounting and reporting; legal and compliance; corporate accounting; HR; and administrative support.

Historical note: the 2019 Plan added 33 new FTEs (~33% increase over 5 years) to support a deeper roster of senior talent, expansion of support and control functions, and increased complexity.

Resource Requirements: Summary Budget

Projecting annual total budget over next 5 years at ~11.6bps of AUM*





- **Total budget** projected to increase by **$26 million**
- **Personnel costs** grow by **$20 million** (a)
  - + $7.5 million base salaries
  - + $10.4 million performance comp.
  - + $2.2 million benefits and taxes
- **Other costs** grow by **$4 million** (b)
  - ➢ Data and related services grow by $2 million
- **Direct fund costs** grow by **$2 million** (c)

	($ millions)		
	Base Salaries	Performance Comp	Total
Current FTEs	$3.8	$7.3	$11.2
New FTEs	$1.8	$0.7	$2.5
Promotions	$1.9	$2.3	$4.2
Total	**$7.5**	**$10.4**	**$17.9**
	CAGR `25-29		
	Base Salaries	Performance Comp	Total
Current FTEs	3.4%	6.4%	4.9%
New FTEs	*n/a*	*n/a*	*n/a*
Promotions	*n/a*	*n/a*	*n/a*
Total	**6.3%**	**8.8%**	**7.5%**

** Projected total budget costs as bps of AUM assume approximately 6% annual AUM growth (rates of ~6%, 0% and 2% for PUF/GEF, ITF and STF, respectively).*
(a) Estimated based on 3.75% annual salary increases and 65-70% of maximum performance compensation. Benefits include 403(b), insurance and development.
(b) Other costs include lease, depreciation, travel, office expenses, contract services, and data and subscriptions.
(c) Direct fund costs include custodian, accounting, and investment-related legal fees.

Resource Requirements: Detailed Budget

Projecting annual total budget over next 5 years at ~11.6bps of AUM*

	5-Year Strategic Plan					
	Budget Request	Projected Budget (to be approved annually by Board)				CAGR
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	2025-29
UTIMCO Personnel Costs:						
Base Salary	27,248,025	29,951,987	32,399,406	34,184,439	34,753,216	*6%*
Performance Comp	25,942,695	31,210,892	33,820,582	35,284,583	36,294,946	*9%*
Benefits and Taxes	8,387,046	9,238,906	9,843,341	10,241,394	10,573,443	*6%*
Total UTIMCO Personnel Costs	**$ 61,577,766**	**$ 70,401,786**	**$ 76,063,329**	**$ 79,710,416**	**$ 81,621,606**	*7%*
Other UTIMCO Costs:						
Data & Subscriptions	7,493,040	8,331,529	9,061,695	9,867,531	10,764,006	*9%*
Travel & Meetings	1,661,940	1,819,622	1,992,707	2,182,720	2,391,336	*10%*
Lease & Lease Asset Amortization	3,403,990	3,451,239	3,476,637	3,412,327	3,532,467	*1%*
Depreciation	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	*0%*
Other Costs	4,327,664	3,744,094	3,672,422	4,266,153	4,148,935	*-1%*
- Contract Svcs & Maint	2,626,128	2,086,874	2,026,162	2,066,178	1,950,196	*-7%*
- Hiring, Relo, Mercer Comp	634,524	592,088	530,372	1,029,387	969,162	*11%*
- Legal	405,000	370,000	385,000	401,000	418,000	*1%*
- Other / Miscellaneous	662,012	695,131	730,889	769,588	811,577	*5%*
Total Other UTIMCO Costs	18,711,634	19,171,483	20,028,462	21,553,732	22,661,745	*5%*
Y-O-Y Increase (%)	*9%*	*2%*	*4%*	*8%*	*5%*	
Total UTIMCO Costs	**$ 80,289,400**	**$ 89,573,269**	**$ 96,091,791**	**$ 101,264,148**	**$ 104,283,350**	*7%*
Y-O-Y Increase (%)	*12%*	*12%*	*7%*	*5%*	*3%*	
Bps of AUM	10.12	10.67	10.82	10.77	10.48	
Direct Fund Costs						
Custodian Fees	5,409,000	5,679,450	5,963,423	6,261,594	6,574,673	*5%*
Other	3,623,234	3,833,363	4,056,698	4,294,366	4,547,500	*6%*
Total Fund Costs	**$ 9,032,234**	**$ 9,512,813**	**$ 10,020,120**	**$ 10,555,959**	**$ 11,122,174**	*5%*
Y-O-Y Increase (%)	*9%*	*5%*	*5%*	*5%*	*5%*	
Bps of AUM	1.14	1.13	1.13	1.12	1.12	
Grand Total UTIMCO Budget	**$ 89,321,634**	**$ 99,086,082**	**$ 106,111,911**	**$ 111,820,107**	**$ 115,405,524**	*7%*
Y-O-Y Increase (%)	*12%*	*11%*	*7%*	*5%*	*3%*	
Bps of AUM	11.26	11.81	11.95	11.90	11.60	
Projected AUM ($B)	**$79**	**$84**	**$89**	**$94**	**$100**	

** Projected total budget costs as bps of AUM assume ~6% annual AUM growth (rates of ~6%, 0% and 2% for PUF/GEF, ITF and STF, respectively).*
Personnel costs estimated based on 3.75% annual salary increases and 65-70% of maximum performance comp. Benefits include 403(b), insurance and development.
Other costs include lease, depreciation, travel, office expenses, contract services (staff augmentation), and data and subscriptions.
Direct fund costs include custodian, accounting, and investment-related legal fees.

Resource Requirements: Personnel

Growing by 10 FTEs (~8% total) over next 5 years

	Estimated FTEs by Title (FY ending Aug 31)					Δ
	2025	2026	2027	2028	2029	2025 -29
CEO / CIO	1	1	1	1	1	--
Deputy CIO	--	--	--	--	--	--
Senior Managing Director	6	7	7	7	6	--
Managing Director	10	15	16	15	15	5
Senior Director	18	15	19	21	23	5
Director	14	16	15	16	16	2
Associate Director	22	24	24	29	26	4
Associate	23	28	29	24	25	2
Senior Analyst	21	15	15	14	11	(10)
Analyst	10	9	8	10	11	1
Administrative Support	8	8	9	9	9	1
Total	**133**	**138**	**143**	**146**	**143**	**10**

	Estimated FTEs by Function (FY ending Aug 31)					Δ
	2025	2026	2027	2028	2029	2025 -29
CEO Office	2	2	2	2	2	--
Public Equity and SPTAA	14	15	15	15	15	1
Hedge Funds and Fixed Income	12	11	12	12	12	--
Private Equity	11	13	14	14	14	3
Real Return	11	12	12	13	12	1
Risk	6	6	6	5	5	(1)
Investments	***56***	***59***	***61***	***61***	***60***	***4***
Ops Acctg Reporting	24	26	27	29	27	3
Corp Accounting	4	4	5	5	5	1
Human Resources	4	4	4	4	4	--
Administrative Support	8	8	9	9	9	1
Legal and Compliance	8	8	8	8	8	--
Support and Control	***48***	***50***	***53***	***55***	***53***	***5***
Information Services	***29***	***29***	***29***	***30***	***30***	***1***
Total	**133**	**138**	**143**	**146**	**143**	**10**

- **Expanding senior cohorts**
  - Targeted development
  - Succession planning
- Retaining and **promoting selected junior talent**

- Additional FTEs will support
  - **AUM growth**
  - **Increased complexity** and fund count
- **Information Services** will use temporary **contract services** for cost efficiency and access to targeted expertise

Conclusion

Conclusion

2024 Strategic Plan Priorities and Resources

- Focus management on highest impact priorities for UTIMCO and the institutions we serve
  - Talent
  - Technology
  - Data
  - Investment scalability and performance
  - Liquidity and leverage
- Ensure alignment with UTIMCO Board, UT System and UT Board of Regents on resources
  - +10 new FTEs
  - Use of Contract Services
  - Annual budgets between 11-15 bps of AUM
  - Cost-effective relative to peers
- Remain aligned through ongoing operating and financial updates
- Course correct as needed

Appendix 1 – Personnel Detail

Personnel Detail: Investments

Chief Executive Officer and Chief Investment Officer
Rich Hall+**
Lisa Kabler

Chief of Staff*

Hedge Funds & Fixed Income
Ryan Ruebsahm+**

Fixed Income
Russ Kampfe**
Harland Doak

Hedge Funds
Courtney Powers*
Tony Caruso*
Jared Brimberry
Kyle Burhop
Jim Ricker
Melanie Spencer
Angelica Blesa
Will Haynes
Lori Shaver

Private Equity
Pat Pace**

Craig Thomas
Brad McCarter
Beth Bruni
Joe Hurtekant
Susan Spears
Lane Ware
Colin Bernier
Ryan Bissmeyer
Max Miller
Tracy Stewart

+ 3 FTE

Real Return
Eddie Lewis**

Mukund Joshi*
Spencer Branch
Mallory Glusband
Matt Saverin
Adam Harrison
Steve Muenzen
Cam Powell
Tyler Sevcik
Walker Wade
Tara Hamilton

+ 1 FTE

Public Equity and Strategic Partners / TAA
Susan Chen**

Public Equity
Amanda Hopper*
Drury Morris
Russ Brown
David Huang
Andres Delgado
Alexander Law
Kayla Young
Sam Gujrathi
Brendan Pellegrino
Kathy Simons

+ 1 FTE

SPTAA
Ken Standley
Patrick Zerda
Fernanda Rice
Jorge Gutierrez

Risk
Uzi Yoeli**

Tim Jones
AliEmme Binns
Muskan Yadav
Jenna Hudson

Investment Regimes		
Stable Value	Global Equity	Real Return

+ Executive Team
* Leadership Team
** Leadership Team and Internal Investment Committee

Personnel Detail: Support & Control (ex-ISS)

- **Chief Executive Officer and Chief Investment Officer**
  Rich Hall+**
  Lisa Kabler
  - **Chief Operating Officer**
    Joan Moeller+**
    Joanna Barrett
    - **Operations, Accounting & Reporting**
      Gary Hill*
      - Yvette Cowell
        - **Document Management**
          Rosa Buhrman
          Travis Lineberry
        - Angelica Lopez-Ramos
          - Breann Steele
            Gwen Collins
            Karen Wiltrout
            Emily Backus
            Albert Ploch
            Jackie Quinn
        - Victoria Andries
          - Lauren Rhodes
            Jarrett Urban
            Veronica Mangiapane
            Jeremy Wyrick
            Kori Lampson
        - + 3 FTE
      - **Operational Due Diligence**
        Justin Holm
        - Paul Tran
          Jordan Herman
    - **Corporate Accounting**
      Kim Bauer
      - Kay Wells
        Anna Sandvik
        Mollie Bailey
        Erin Spross
      - + 1 FTE
  - **Human Resources**
    Alison Rogers-McCoy+*
    - Ashley Fleming
      Alexa Piggott
      Ti Le
      Avani Bhansali
  - **Legal & Compliance**
    Carolina de Onis+**
    - **Investment Legal**
      Lane Arnold
      Patrick Dies
      Jane Li
      Kati Stephens
    - **Compliance**
      Kim Davis
      Reena Auplish

\+ Executive Team
* Leadership Team
** Leadership Team and Internal Investment Committee

Support & Control (ex-ISS) includes operations, accounting and reporting; legal and compliance; corporate accounting; and HR.

Personnel Detail: Support & Control (ISS)

Chief Executive Officer and Chief Investment Officer
Rich Hall+**
Lisa Kabler

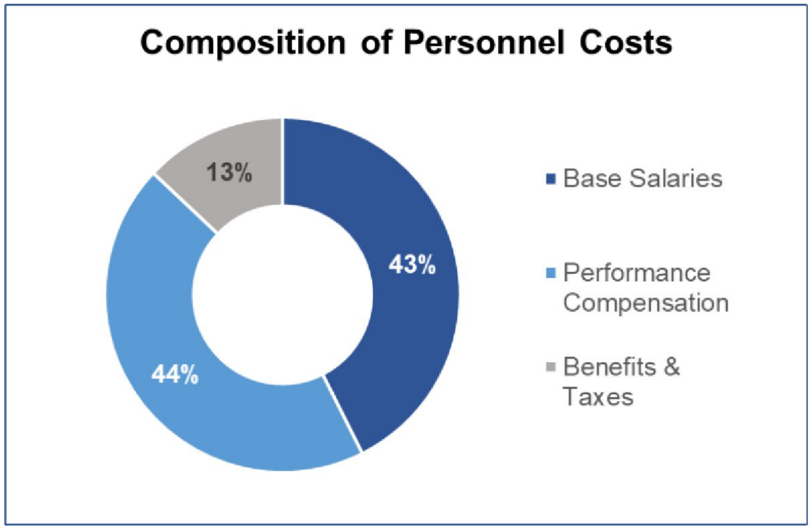
Chief Operating Officer
Joan Moeller+**
Joanna Barrett
Cozy Johnson

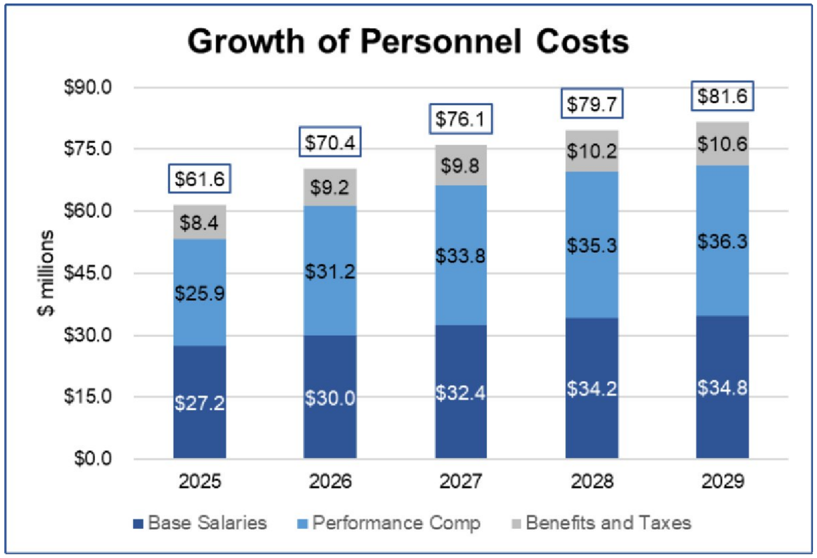
Information Services & Security
Gus Deering*

- **Infrastructure** – Stephen Mack
  - Benjamin Brown
  - Chris Payne
  - Josh Hunger
  - Kyle Norton
  - Oviedo Obregon
  - Roger Harper
  - Tyler Rudd
  - Nathan Stewart
- **Application Services** – Ajita Sahu
  - Tigran Parsamian
  - Brent Dixon
  - Kevin Nguyen
  - Michelle Joseph
- **Project Management** – Komika Sims
  - Eric Miller
  - John Ferguson
  - Jacqueline Mwangi
- **Information Security** – David Gahagan
  - Jeff Shute
  - Josh Dixon
- **Data Innovation & Governance** – Thomas Niles
  - Sean Guttman
  - AJ Seeman
  - Madelyn Russo
  - Christian Taylor
  - + 1 FTE

+ Executive Team
* Leadership Team
** Leadership Team and Internal Investment Committee

Personnel Costs: Composition and Growth





- **Projected increase of $20.0 million** in annual expense from 2025 to 2029
- **Personnel costs**[(a)] are **~87% compensation**, **~13% benefits** and **taxes**
  - Compensation is split evenly between base salaries and performance compensation
  - Benefits optimization in FY 2025 is not expected to materially increase benefit cost per FTE
- **Breakdown of projected increases:**

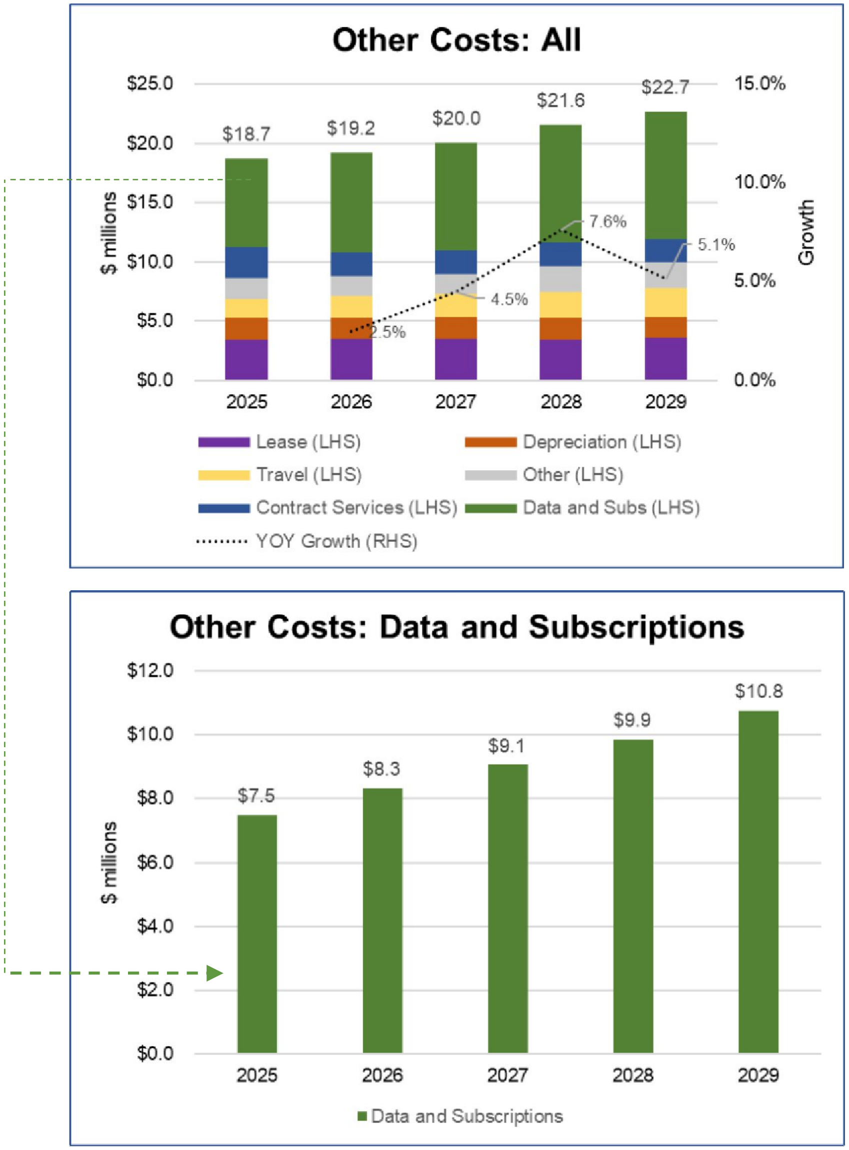
Personnel costs:	**Est. Increase in Annual Expense**	**Est. Annual Growth**
Base salaries	$7.5 mm	6.3%
Performance compensation	$10.4 mm	8.8%
Benefits and taxes	$2.2 mm	6.0%
Total	**$20.0 mm**	**7.3%**

Base salaries:	**Est. Increase in Annual Expense**	**Est. Annual Growth**
Current FTEs	$3.9 mm	3.4%
Promotions[(b)]	$1.9 mm	
New FTEs[(c)]	$1.8 mm	
Total	**$7.5 mm**	**6.3%**

(a) Estimated based on 3.75% annual salary increases and 65-70% of maximum performance compensation. Benefits include 403(b), insurance and development.
(b) Projected promotions that reflect continued development and succession planning.
(c) Addition of 10 FTEs during Plan period.

Appendix 2 – Other Budget Detail

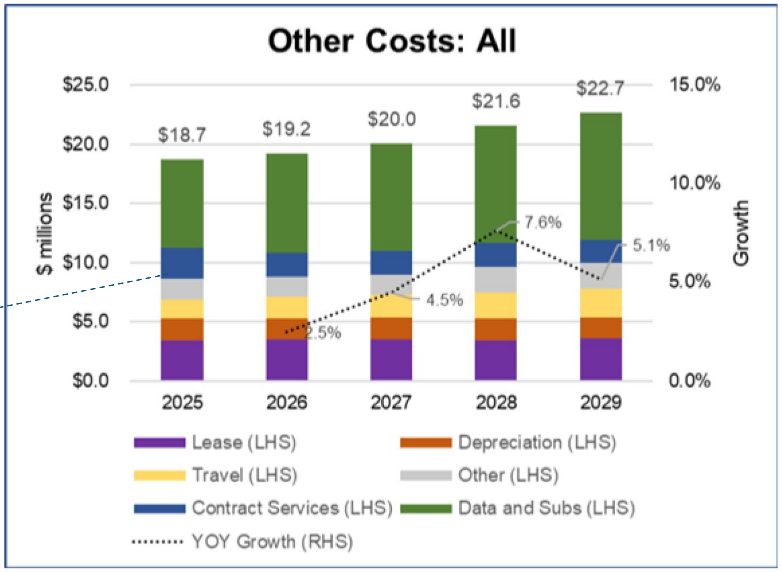
Other Costs: Data and Subscriptions

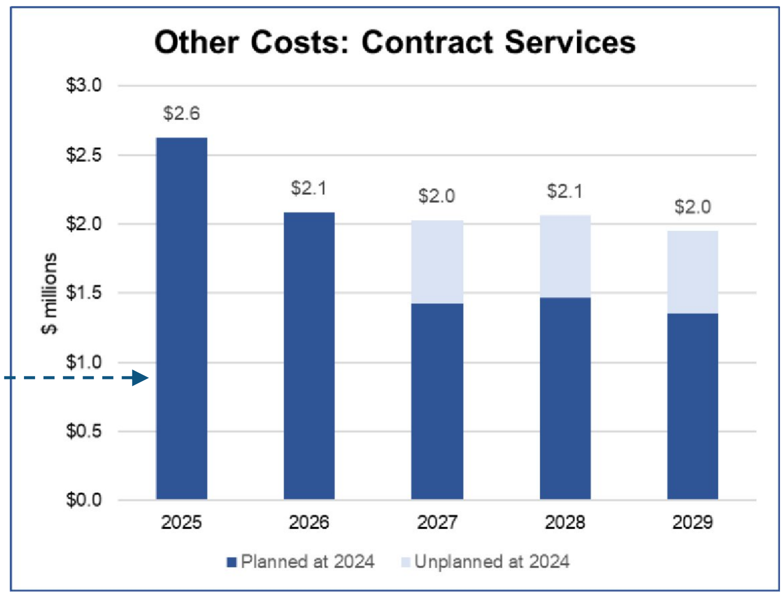


- **Expected CAGR of ~9%** over the Plan period
- **Largest** and **most rapidly growing** component of other (*i.e.*, non-personnel) costs
  - Includes:
    - Microsoft platform subscriptions
    - Licensing of new automation and AI tools
- Reflects expected **20% y-o-y growth** in **data volume** and associated needs for **access, storage, processing** and **security**
  - Fund and managed account holdings and returns
  - Company, security, account/fund, manager, portfolio and Endowment level attributes
  - Time-series and cross-sectional data
- Additional data enables **assessment of risk and return** potential at varying levels of granularity for **investment decision-making**
- **Data, Innovation and Governance ("DIG") team** launched in Q1 2024 to optimize data architecture and develop business tools

Other costs include lease, depreciation, travel, office expenses, contract services (staff augmentation), and data and subscriptions.

Other Costs: Contract Services

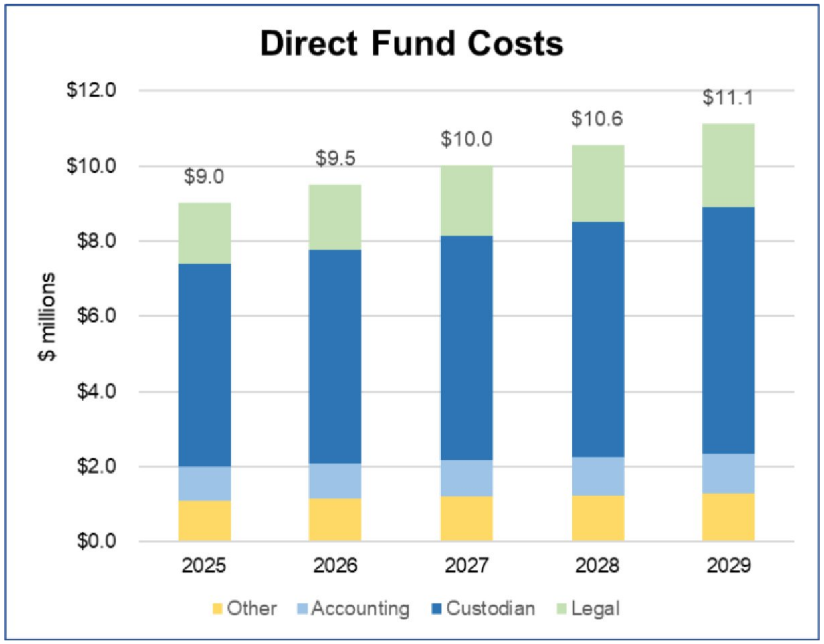




- Projected to **increase in 2025, then decline** to normalized levels
  - **Can be further adjusted annually** to adapt to economic environment and business needs
- Includes:
  - Data services
  - Security assessments
  - Firewall replacement
  - AV upgrades
  - Project management services
- Contract services enable UTIMCO to:
  - **Leverage existing** resources
  - **Access expertise** on **scalable**, per-project basis
  - **Determine specifications** for **permanent FTE** additions as technology and business needs evolve
- **Cost-effective supplement** to permanent FTEs

Other costs include lease, depreciation, travel, office expenses, contract services, and data and subscriptions.

Direct Fund Costs



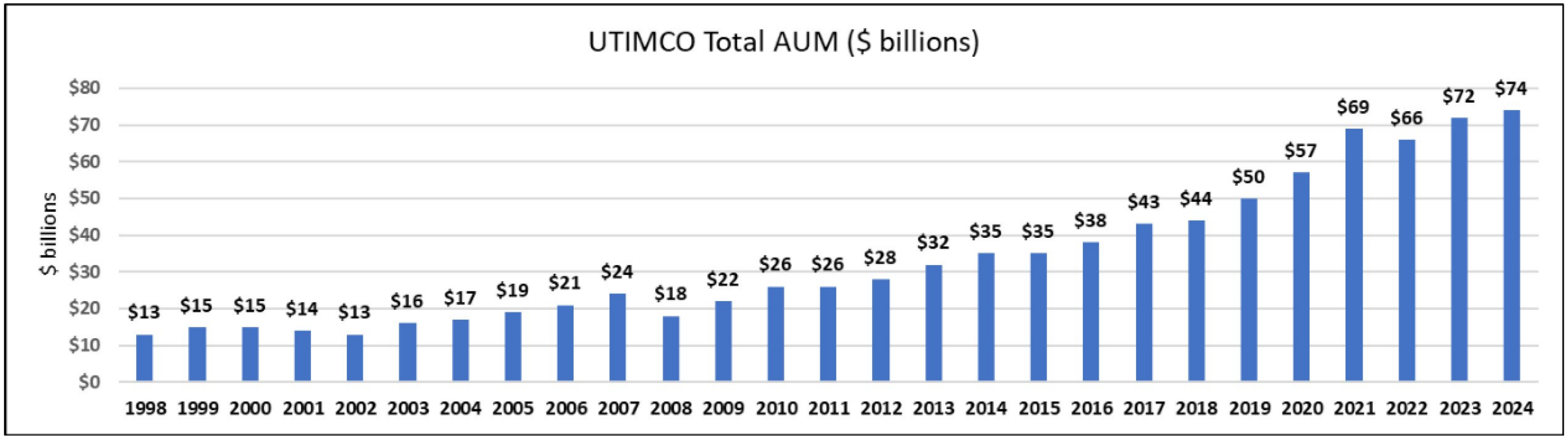
- **Expected CAGR of ~5%** over the Plan period
- **Custodian fees** are likely to increase
  - Follows ~38% expense reduction after last RFP (2020)
  - Need **additional services** to accommodate **growing investment count and complexity:**
    - Private investment capital call processing
    - Derivatives processing
- **Investment-related legal** fees (external counsel) will grow
  - "Deal review" count will naturally **increase** with **scale** of Endowments and **maturity** of private investment programs
  - Outside counsel
    - Supplements internal counsel through **"flex" capacity**
    - Provides **broad market perspective** and **targeted expertise** (*e.g.*, international or tax matters)

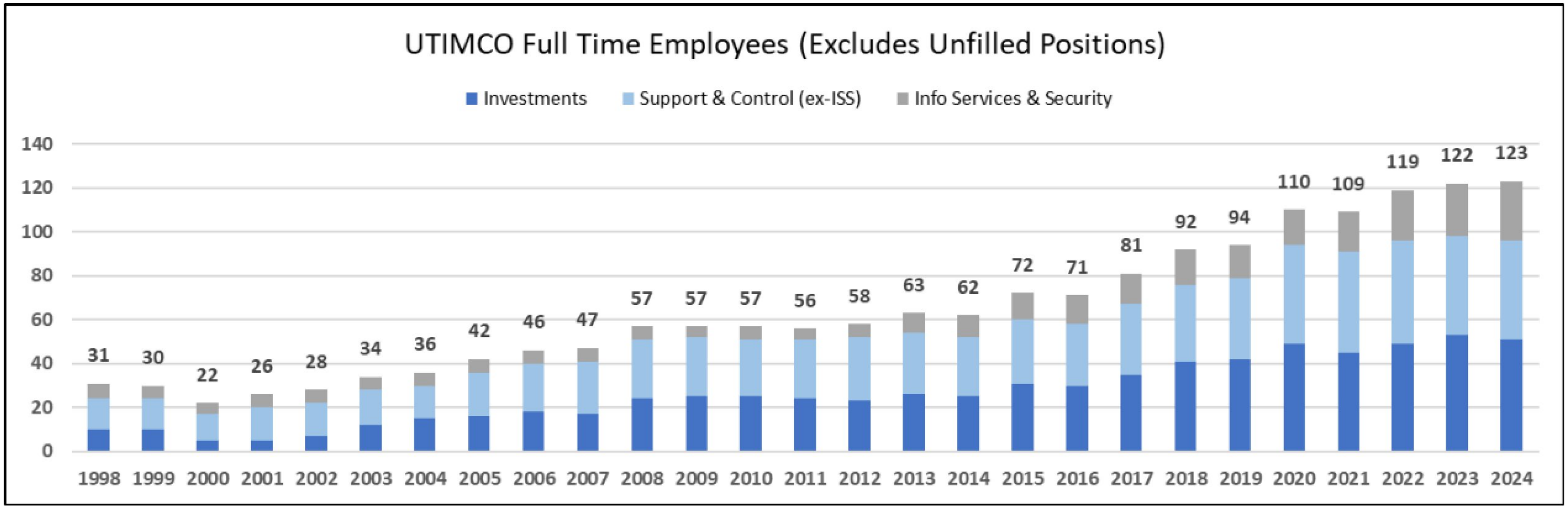
Direct fund costs include custodian, accounting, and investment-related legal fees.

Appendix 3 – Historical Baseline

Historical AUM and Headcount

Assets and headcount have grown annually at ~7.1% and ~5.6%, respectively

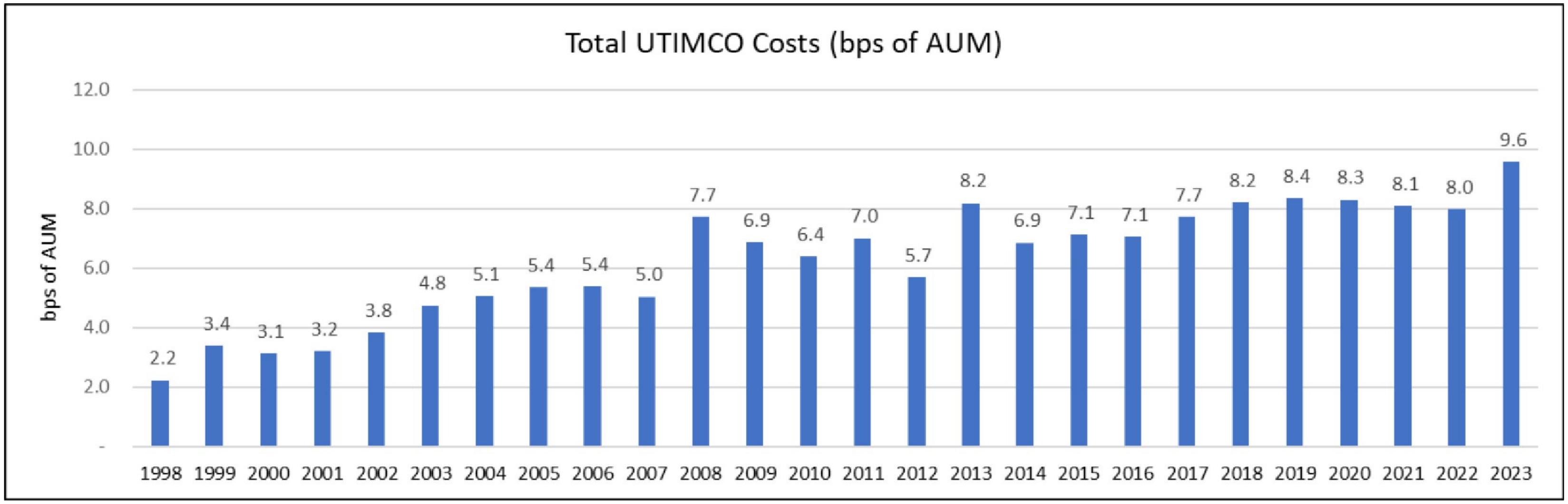


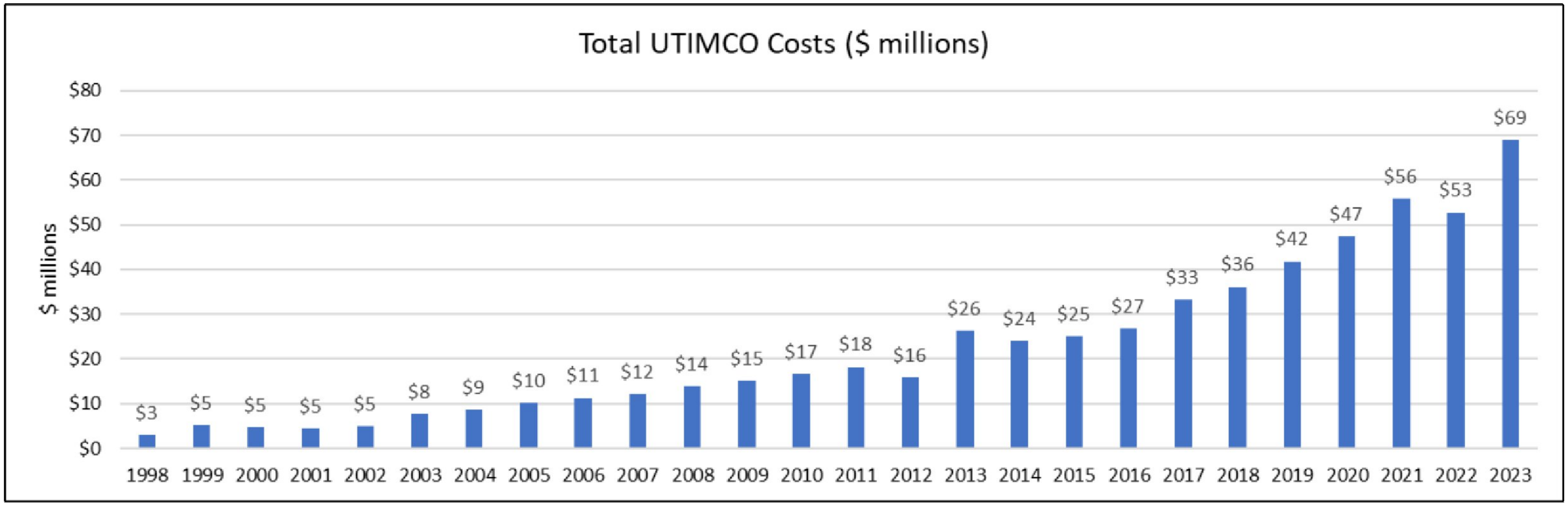


UTIMCO total assets under management across PUF, GEF, ITF and STF in August of each year. Reflects investment returns, plus inflows from ULANDS and institutions, less distributions. FTEs reflect actual (not budgeted) headcount in August of each year.

Historical UTIMCO Costs

Costs as % of AUM have remained low, with moderate dollar increases





UTIMCO costs (excluding direct Fund costs), expressed (1) in top chart as bps of AUM in August of each year and (2) in bottom chart as absolute dollars.

Historical Income Statement

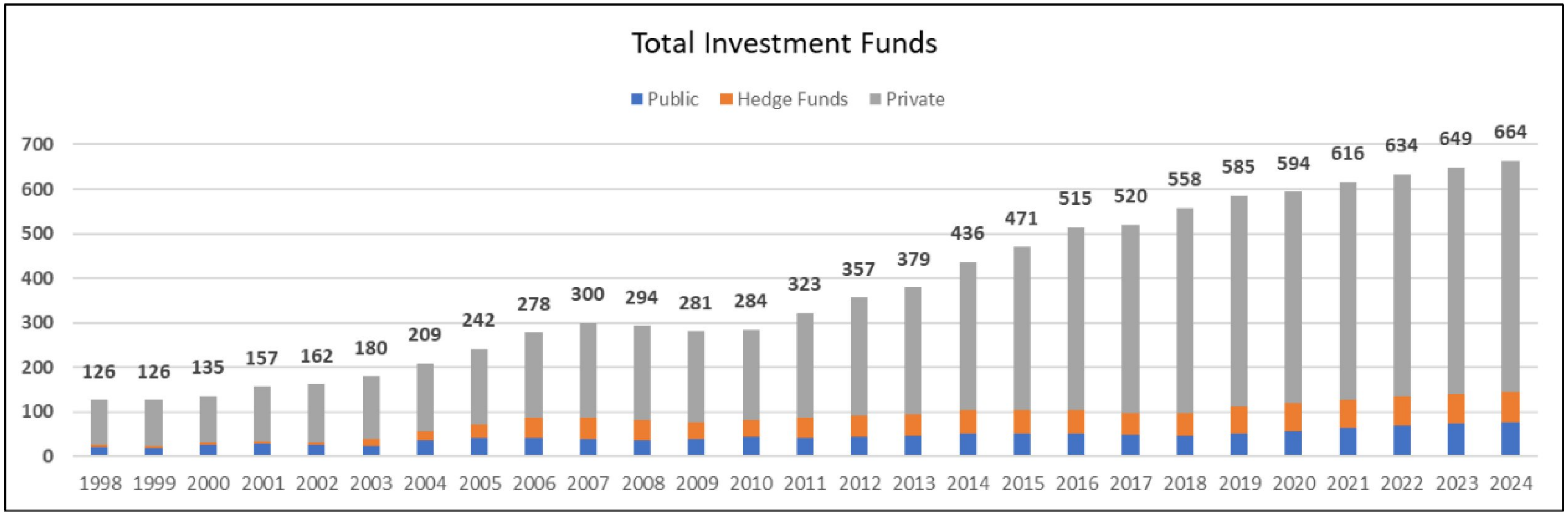
2014 to 2023

	UTIMCO Actual Operating Expenses									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
UTIMCO Personnel Costs:										
Salaries	8,203,149	8,904,848	10,394,021	10,919,642	13,667,683	16,235,197	16,966,760	18,193,968	20,289,489	22,331,375
Performance Compensation	9,110,680	8,410,030	7,235,982	10,291,209	10,415,478	11,271,195	15,184,901	19,986,731	12,873,958	25,966,115
Benefits and Taxes	2,049,963	2,126,567	2,341,530	2,719,736	3,131,865	4,025,279	4,185,802	5,369,156	6,428,676	6,586,885
Total UTIMCO Personnel Costs	**$19,363,792**	**$19,441,445**	**$19,971,533**	**$23,930,587**	**$27,215,026**	**$31,531,671**	**$36,337,463**	**$43,549,855**	**$39,592,122**	**$54,884,375**
Other UTIMCO Costs:										
Data & Subscriptions	1,046,787	1,105,883	1,277,059	1,919,641	2,585,815	3,181,606	3,542,300	3,996,934	4,119,246	3,900,951
Travel	501,993	669,987	632,220	651,895	726,603	888,977	531,979	29,793	452,221	1,055,559
Lease	1,109,105	1,136,934	1,173,823	2,072,648	2,281,161	2,474,161	2,744,234	3,308,824	3,272,032	3,363,351
Depreciation	676,524	1,129,717	1,657,536	2,453,498	1,015,435	1,669,890	1,646,105	1,776,348	2,001,103	1,871,313
Other Costs	1,260,198	1,475,700	2,131,378	2,165,703	2,272,895	2,042,018	2,488,614	3,101,356	3,295,527	3,915,224
Total Other UTIMCO Costs	**$ 4,594,607**	**$ 5,518,221**	**$ 6,872,016**	**$ 9,263,385**	**$ 8,881,909**	**$10,256,652**	**$10,953,232**	**$12,213,255**	**$13,140,129**	**$14,106,398**
Total UTIMCO Costs	**$23,958,399**	**$24,959,666**	**$26,843,549**	**$33,193,972**	**$36,096,935**	**$41,788,323**	**$47,290,695**	**$55,763,110**	**$52,732,251**	**$68,990,773**

UTIMCO costs (excluding direct Fund costs)

Historical Complexity

Private funds have driven increase in fund count; growth slowing as portfolios mature



Private fund count includes Private Equity and Real Return investments.

Appendix 4 – Strategic Plan Framework

Strategic Plan Framework

Focus on what we can predict; plan according to our level of control

More predictable

INDUSTRY
- Capital markets line will be upward-sloping (long term)
- Alpha opportunities in markets will be competed away over time
- Venture capital returns will follow a power law distribution

UTIMCO
- Certain performance goals (alpha vs. peers)
- Unique governance and constituents

INDUSTRY
- Investment and operational complexity will continue to grow
- Volume of available investment data will increase
- Technology tools will become more sophisticated

UTIMCO
- Certain performance goals (meet distributions; grow principal; generate alpha)
- Organizational maturity and succession

Less control

More control

INDUSTRY
- Short-term asset class returns
- Coincident macro conditions
- "Left tail" market events

UTIMCO
- Specific concerns raised by legislature or other constituents

INDUSTRY
- "Left tail" events – e.g., cybersecurity, public health

UTIMCO
- Unexpected or undesired team turnover

Less predictable

Looking Ahead to 2025-29

Anticipating challenges and seizing opportunities

More predictable

CLASSICAL: *Optimize for efficiency*

Set goals; leverage UTIMCO's unique capabilities; plan in successive rounds

- Regime framework and LTSAA
- Rebalancing discipline
- Contingency planning
- Expanded HR processes (Early Career Program)
- Investment Analytics resource

VISIONARY: *Optimize for long-term competitive advantage*

Envision; marshal and commit resources; implement

- Dockside managed account platform
- Public equity active extension and factor basket
- Technology and data innovation
- Private equity and real return co-investments and direct investments
- Portfolio liquidity and leverage

Less control — **More control**

ADAPTIVE: *Optimize for flexibility*

Set goals; experiment and select a path; scale; iterate

- Expanded infrastructure portfolio
- Opportunistic strategies in dislocated areas (e.g., private credit, GP stakes, secondaries)
- Innovation & Disruption portfolio

SHAPING: *Optimize for ecosystem leadership*

Influence; collaborate; co-evolve

- Compensation Program enhanced to improve alignment with stated philosophy
- Benefits optimized to match employee priorities
- Sustained and increased manager-LP alignment
- Expanded Mission Advocate programming

Less predictable

Appendix 5 – Supporting Data

Cambridge Associates Costs Survey

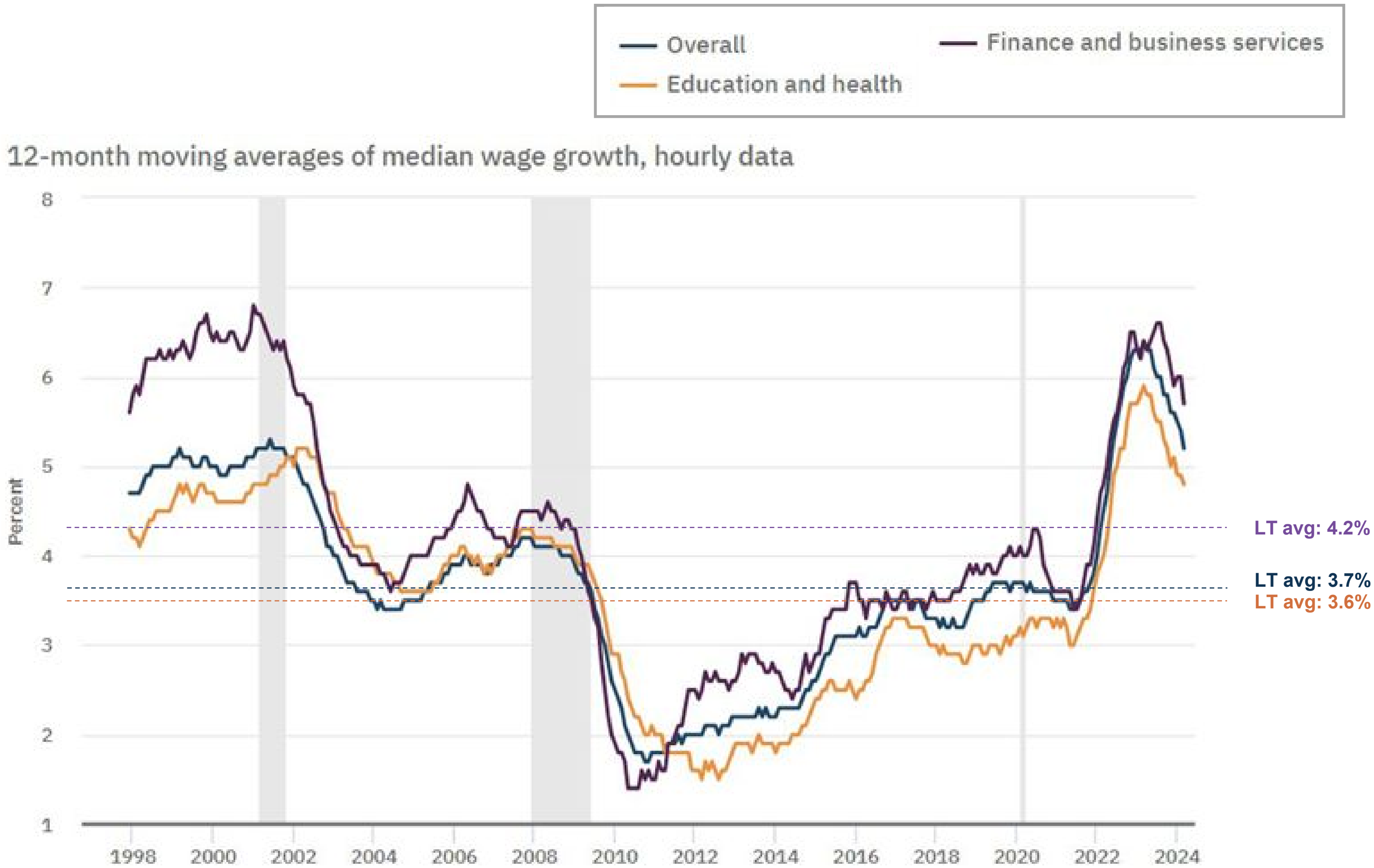
Participating institutions

Alfred I. duPont Charitable Trust
Berkeley Endowment Management
Beth Israel Lahey Health
Boston University
Carnegie Corporation of New York
Case Western Reserve University
Children's Healthcare of Atlanta, Inc.
Conrad N. Hilton Foundation
Dartmouth College
Davidson College
Denison University
Emory University
Ewing Marion Kauffman Foundation
Georgia Tech Foundation, Inc.
GHR Foundation
Gordon and Betty Moore Foundation
Grinnell College
Hershey School Trust
Iowa State University Foundation
Johns Hopkins University
KU Endowment
Lehigh University
Mercy Investment Services, Inc.
National Gallery of Art
Oberlin College
Pennsylvania State University
Phillips Exeter Academy
Pomona College
Princeton University
Rainwater Charitable Foundation
Rensselaer Polytechnic Institute
Robert Wood Johnson Foundation
Smithsonian Institution
Swarthmore College
Texas Children's Hospital Foundation
Texas Christian University
The California Endowment
The Museum of Fine Arts, Houston
The Wallace Foundation
Trinity Church Wall Street
Tufts University
Tulane University
UCLA Investment Company
UCSF Foundation Investment Company
University of Delaware
University of Florida Investment Corporation
University of Illinois Foundation
University of Kentucky
University of Oklahoma Foundation
University of Pittsburgh
University of Southern California
University of Tennessee
Virginia Tech Foundation
Washington University in St. Louis
Wellesley College
Williams College
Yale University

Source: Cambridge Associates Investment Office Oversight Costs Survey (April 2023).

Personnel Costs: Atlanta Fed Wage Tracker

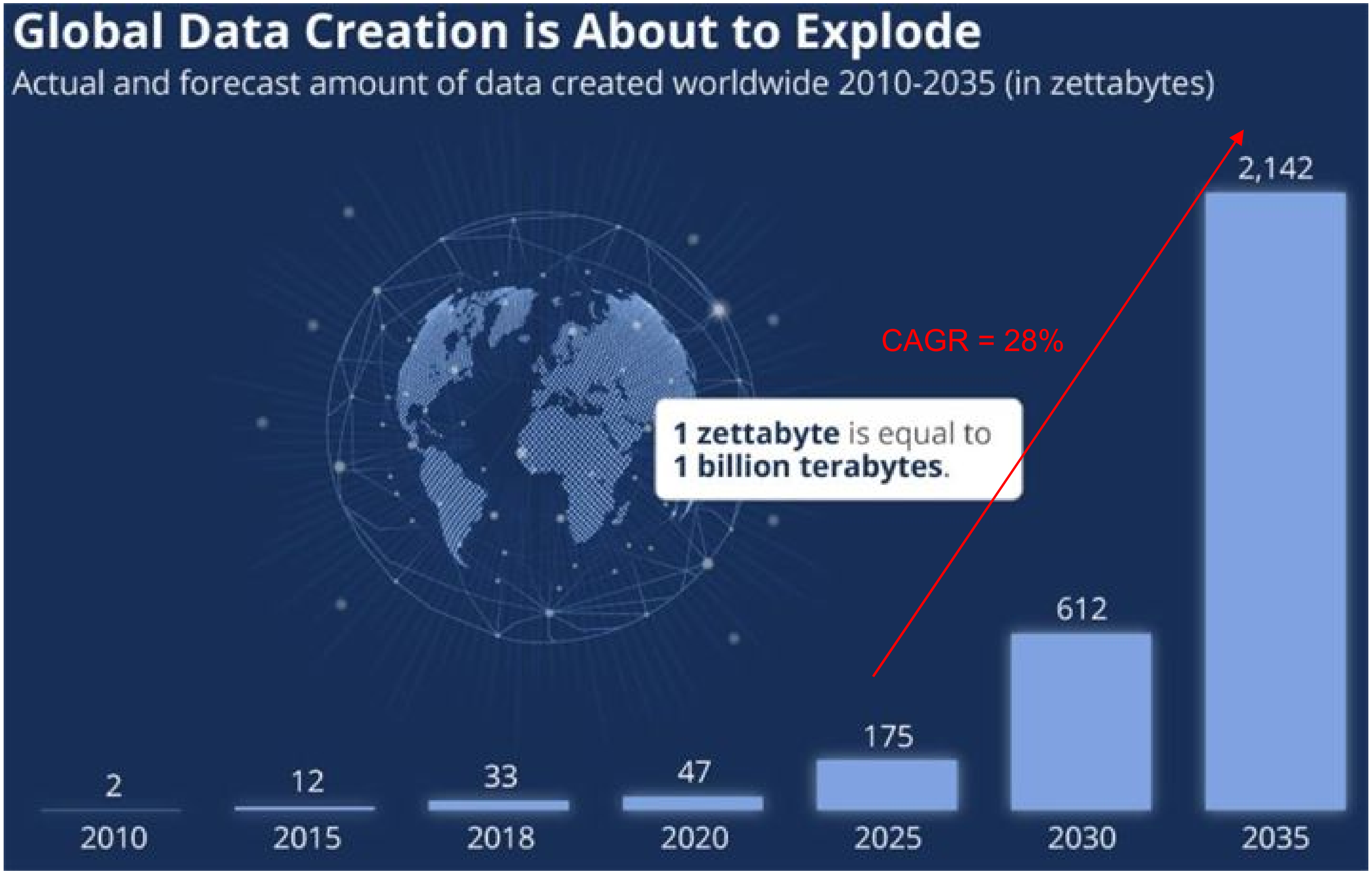
Median wage growth, 1998 to 2024



Source: Federal Reserve Bank of Atlanta

Technology Context: Rapid Data Growth

Projected volume of worldwide data



Source: Statista

Technology Context: Data Storage Demand

Projected size of global cloud storage market

Source: Statista

Illustrative Example: Portfolio Data

	Private Equity Portfolio						
	Manager 1			…	Manager 50	All Managers	
Vintage Year	Funds	Holdings	Cumul. # Data Points		Cumul. # Data Points	Cumul. # Data Points	YOY Growth
2024	**Fund 1**	**10**	**10**		**10**	**500**	
2025	**Fund 1**	**20**	**30**		**30**	**1,500**	*200%*
2026	Fund 1	20					
	Fund 2	10					
	All Funds	**30**	**60**		**60**	**3,000**	*100%*
2027	Fund 1	20					
	Fund 2	20					
	All Funds	**40**	**100**		**100**	**5,000**	*67%*
2028	Fund 1	20					
	Fund 2	20					
	Fund 3	10					
	All Funds	**50**	**150**		**150**	**7,500**	*50%*
2029	Fund 1	20					
	Fund 2	20					
	Fund 3	20					
	All Funds	**60**	**210**		**210**	**10,500**	*40%*
2030	Fund 1	20					
	Fund 2	20					
	Fund 3	20					
	Fund 4	10					
	All Funds	**70**	**280**		**280**	**14,000**	*33%*
CAGR 2024 - 2030		**32%**	**61%**		**61%**	**61%**	

- As investment programs mature, **data volume** will grow
  - UTIMCO-specific data
  - Market data
- As we establish new capabilities, **data-related costs** will grow, related to:
  - Storage
  - Licensing
  - Access
  - Processing
  - Visualization
  - Security

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item:	Real Return Presentation
Developed By:	Real Return Team
Presented By:	Lewis, Joshi
Type of Item:	Information Item
Description:	Mr. Lewis and Mr. Joshi will lead the presentation on Real Return investments.
Recommendation:	None
Reference:	*Real Return* presentation

Board of Directors Meeting

Real Return

Edward Lewis, Senior Managing Director

Mukund Joshi, Managing Director

June 20, 2024

Executive Summary

ROLE OF REAL RETURN

- $10.6 billion portfolio, including $9.7 billion in the endowments and $863 million in the ITF at the end of 2023
- Represents 17% of the endowments and 10% of the ITF
- Designed to provide stable performance during periods of unexpected or rising inflation
- Encompasses private and public investments in real estate, natural resources, and infrastructure

MARKET CONDITIONS

Real Estate

- Market continues to be challenged due to declining fundamentals, increased debt burden, limited financing, and softening valuations

Oil & Gas

- WTI decreased from $77/bbl to $72/bbl over past year but still supportive of production, Henry Hub pricing declined from $3.6MMBtu to $2.6MMBtu

Infrastructure

- Strong capital inflows into infrastructure platforms continue to drive investor returns across most sectors
- Fiber platforms experienced softness due to a return to normalcy from the run-up in valuations during the pandemic, while data centers continue to attract new capital as cloud providers and AI generate interest

PORTFOLIO INITIATIVES

- Growing real estate exposure to Co-GP capital and co-investments to reduce fees and increase portfolio level returns without changing risk profile of the underlying investments
- Lean into Infrastructure co-investments where the team has experienced long-term outperformance
- Continue identifying select drilling opportunities in the Delaware and Midland basins

PERFORMANCE

Negative returns in calendar year 2023 in the endowment accounts

- Private Real Return in aggregate generated a -0.6% IRR in 2023
- Private Real Estate: -3.8% IRR
- Private Natural Resources: -1.9% IRR
- Private Infrastructure: 8.7% IRR

Negative 1-year alpha due mostly to Natural Resources

- Overall Private Real Return 1-year alpha: -1.1%
- Private Real Estate 1-year alpha: 0.0%
- Private Natural Resources 1-year alpha: -3.9%
- Private Infrastructure 1-year alpha: 0.2%

Real Return Team

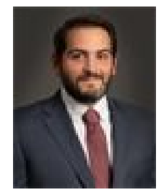
Stable team with average tenure of 8 years at UTIMCO

Edward Lewis
Senior Managing Director
MBA, U. of Chicago
13 years at UTIMCO

Mukund Joshi, CFA
Managing Director
MBA, UT Austin
15 years at UTIMCO

Spencer Branch
Director
MBA, UT Austin
11 years at UTIMCO

Mallory Glusband, CFA
Director
BSBA, Wash U. St. Louis
9 years at UTIMCO



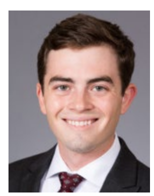
Matt Saverin
Director
MBA, UC-Berkeley
4 years at UTIMCO

Adam Harrison
Associate Director
BBA, UT Austin
7 years at UTIMCO

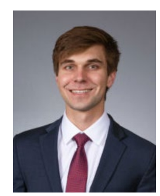
Steve Muenzen
Associate Director
BE, Dartmouth
6 years at UTIMCO

Cam Powell
Associate
MSc, LSE
4 years at UTIMCO

Tara Hamilton
Team Coordinator
BA, Eastern Washington University
7 years at UTIMCO



Tyler Sevcik
Senior Analyst
MSF, Texas A&M
4 years at UTIMCO



Walker Wade
Senior Analyst
MSF, Texas A&M
3 years at UTIMCO

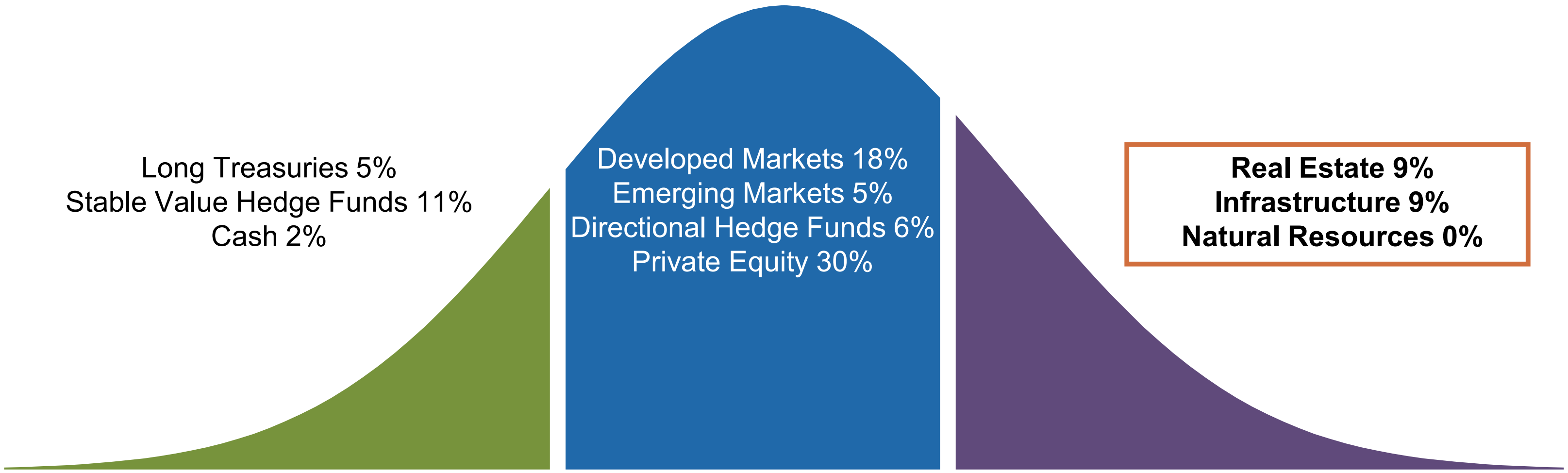
UTIMCO Diversification Framework

Real Return performance remains under pressure in a high interest rate environment despite moderating inflation

Stable Value
18%

Global Equity
59%

Real Return
18%



Strategic Partners 5%

Economic Conditions

Stable Value	Global Equity	Real Return
GDP surprises are negative	Positive GDP surprises	Real GDP growth too low
Inflation surprisingly low with weak demand	Inflation surprises not dramatic	Inflation surprises on the high side
Negative earnings surprises	Positive earnings surprises	Real earnings too low
Out of line valuations	Reasonable valuations	Commodity-oriented demand exceeds supply by an above normal margin
Flight to quality	Political stability	

Stable Value Regime
Annualized Returns

1YR	3YR	10YR
3.0%	1.9%	2.5%

Global Equity Regime
Annualized Returns

1YR	3YR	10YR
10.8%	4.4%	9.3%

Real Return Regime
Annualized Returns

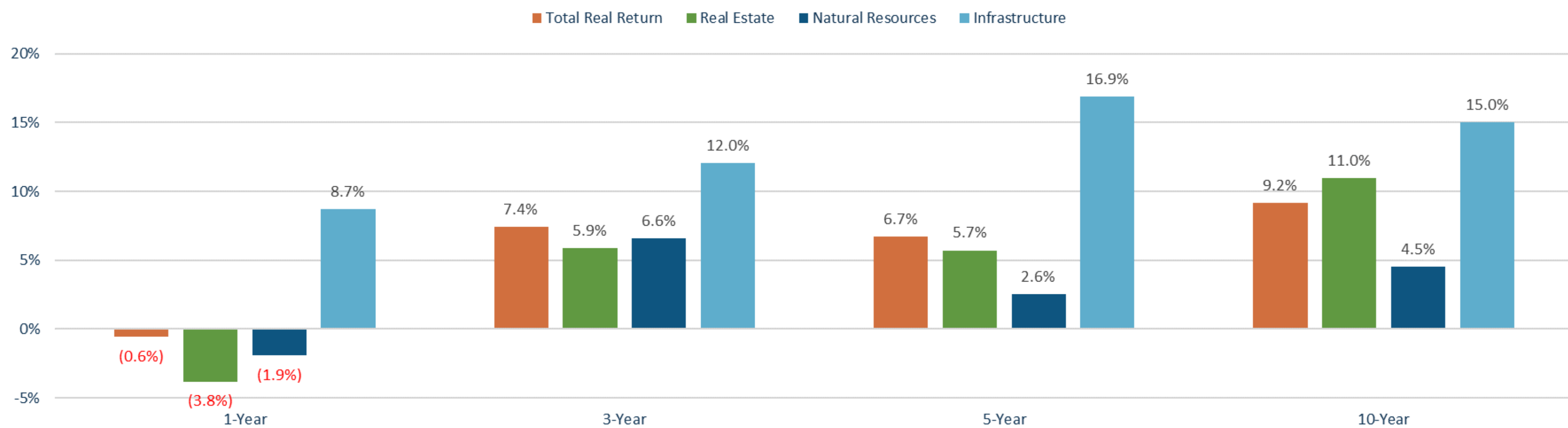
1YR	3YR	10YR
-1.8%	5.8%	5.7%

Time-weighted returns from the Monthly Performance Report as of 4/30/24

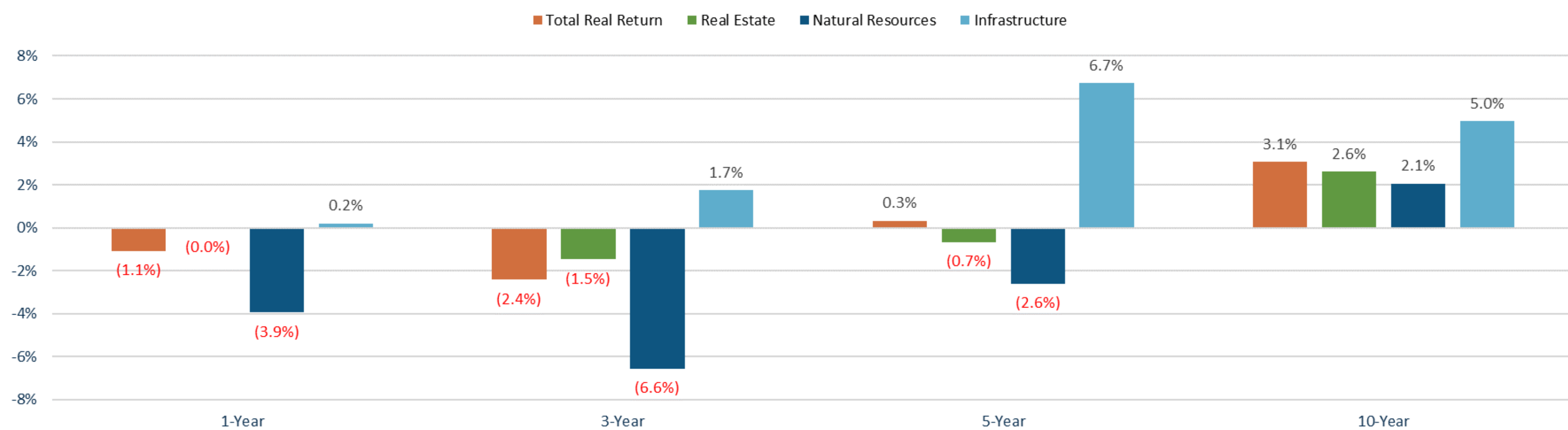
Real Return Private Performance

Real Return absolute performance (IRR) negative over the past year due to ongoing correction in real estate markets and legacy investments in Natural Resources

Total Net Returns



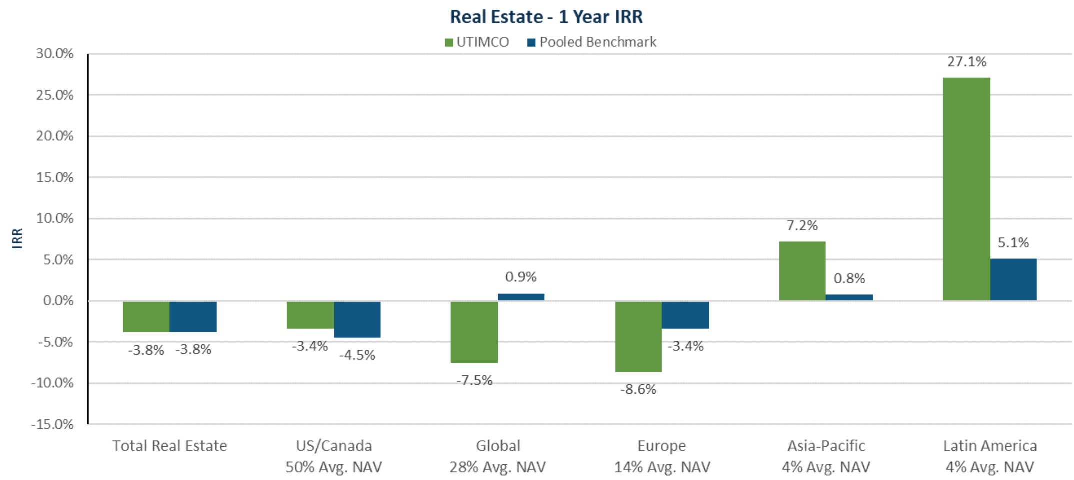
Outperformance vs. Benchmarks

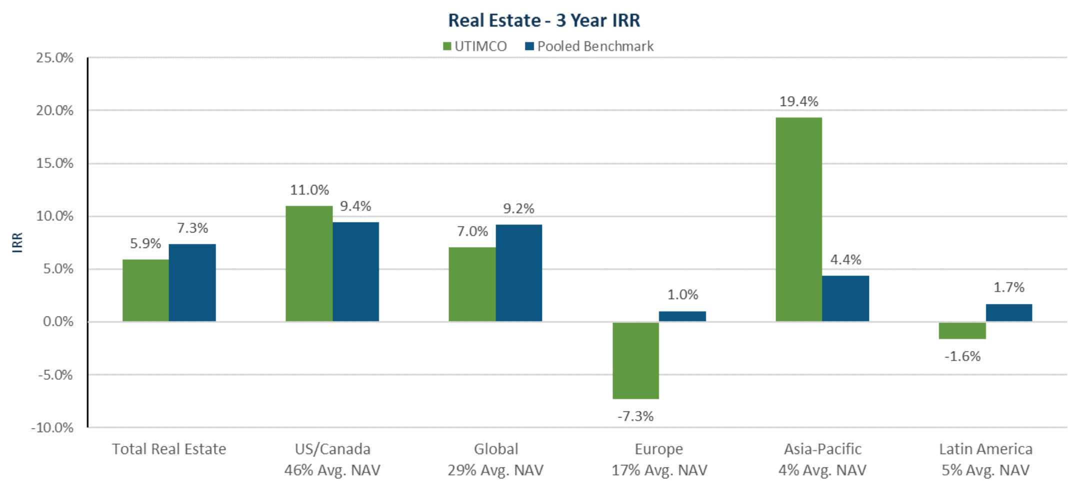


Note #1: Burgiss returns and CA benchmarks as of 12/31/23
Note #2: Natural Resources benchmark is NAV weighted by sub-asset class

Real Estate Portfolio Returns

One-year performance lifted by US/Canada and Emerging Markets while poor results in Europe impacted regional returns in European and Global portfolios



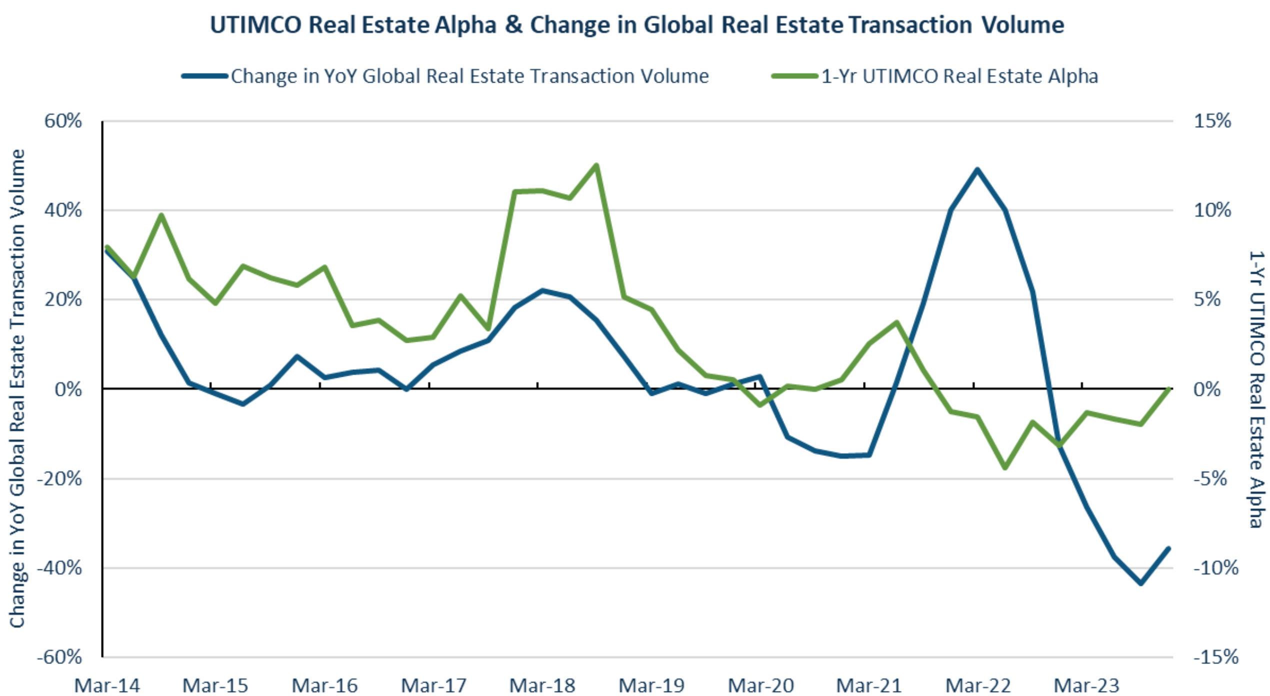


Note: Burgiss returns, Burgiss NAVs, and CA benchmark as of 12/31/23

Real Estate Valuations & Transaction Volume

UTIMCO real estate alpha is often influenced by transaction markets

- Real estate portfolio alpha is most notable in healthy disposition markets as managers often realize a material uplift in valuations at sale
- Real Estate alpha started declining in 2018 as transaction activity began to slow; however, that trend has started to reverse in the past year as the benchmark returns have come down in-line with the portfolio

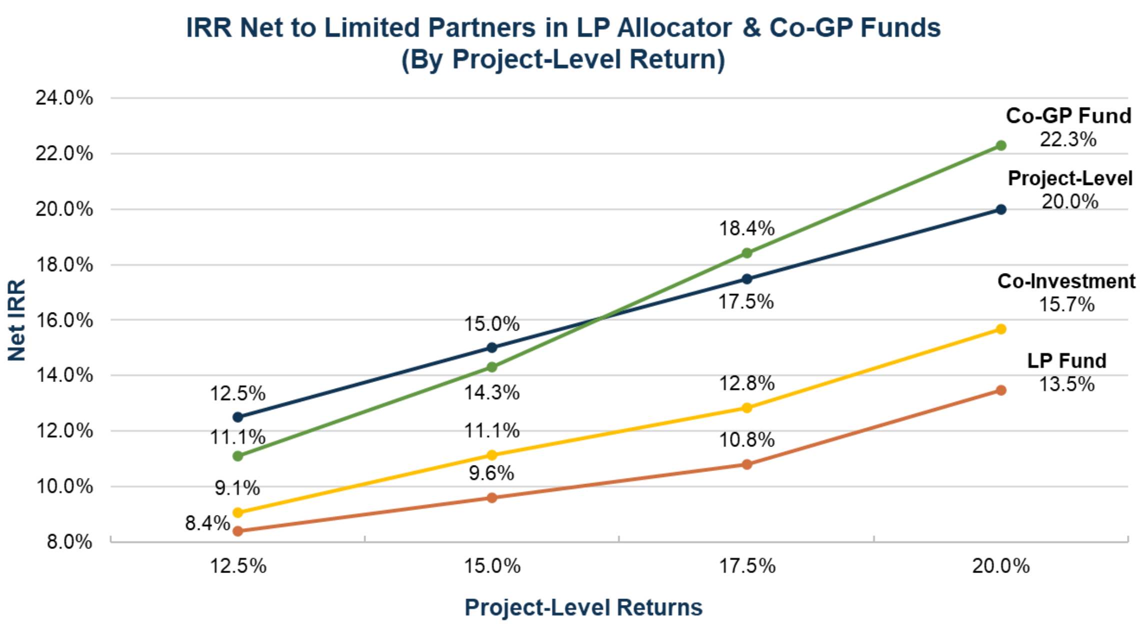


Note: Burgiss returns, CA benchmark, and RCA transaction volumes as of 12/31/23

Evolving Real Estate Strategy

Identifying opportunities to enhance LP returns without increasing asset-level risk

- Co-investment deal flow with lower fees and carry improves LP fund returns by 200 basis points or more
- Participating in Co-GP funds can significantly enhance LP returns if investments perform as expected with more upside convexity with investment outperformance
  - Funding a portion of GP capital requirements in exchange for a percentage of GP carry significantly improves project level returns for the endowments
  - Selectively providing operating company capital for GPs allows endowments to benefit from manager growth through profit sharing of management company fees, carried interest, and platform value accretion



<u>Assumptions</u>:

Co-GP Fund

1.5% fee / 20% carry

<u>Earn</u> 40% of JV operator promote

JV Operator Promote

20% promote from 10-15% to LP

30% promote above a 15%

Co-Investment

0.75% fee / 10% carry

<u>Pay</u> JV operator promote

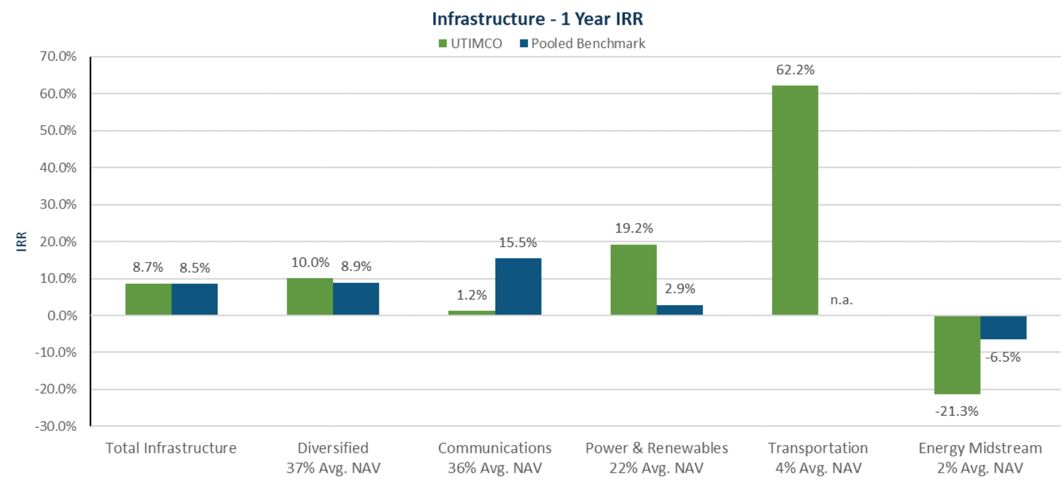
LP Fund

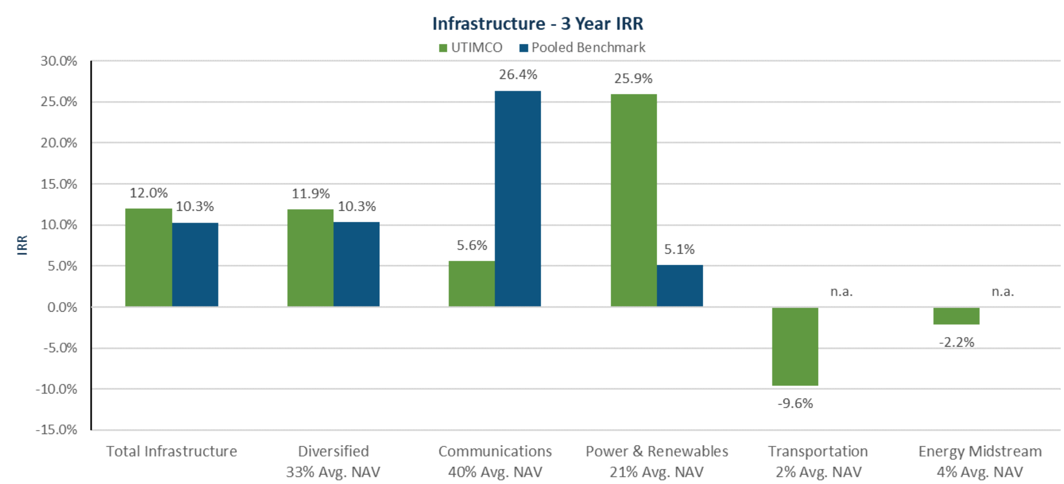
1.5% fee / 20% carry

<u>Pay</u> JV operator promote

Infrastructure Portfolio Returns

Infrastructure one-year alpha slightly ahead of benchmark as Diversified and Power/Renewables managers outperformed and Communications underperformed



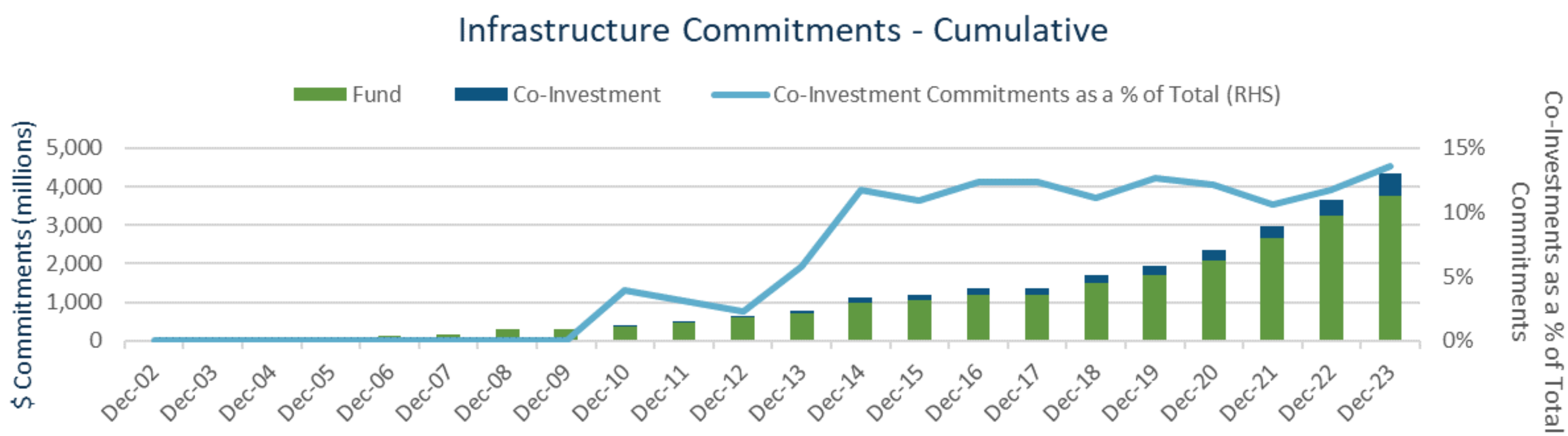


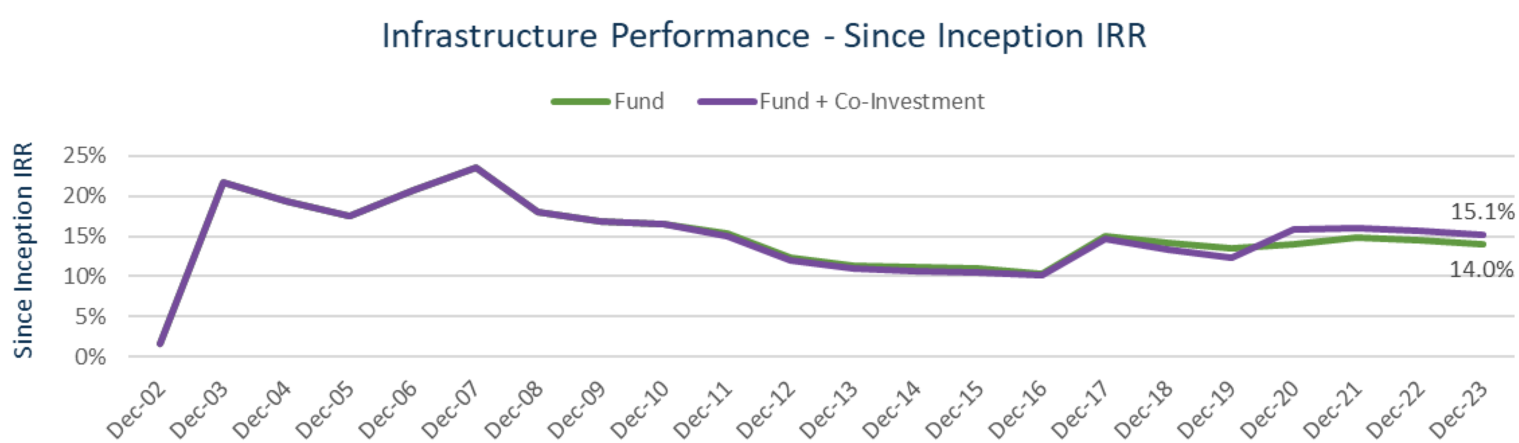
Note: Burgiss returns, Burgiss NAVs, and CA benchmark as of 12/31/23

Build Upon Advantage in Infrastructure

Focus on co-investments where fee savings paired with strong deal selection leads to long-term alpha

- Co-Investment share of the commitments has steadily climbed up to 14% and is on its way to the long-term goal of 20%
- Co-Investments have added over 100 bps to the Since Inception return of the entire Infrastructure portfolio

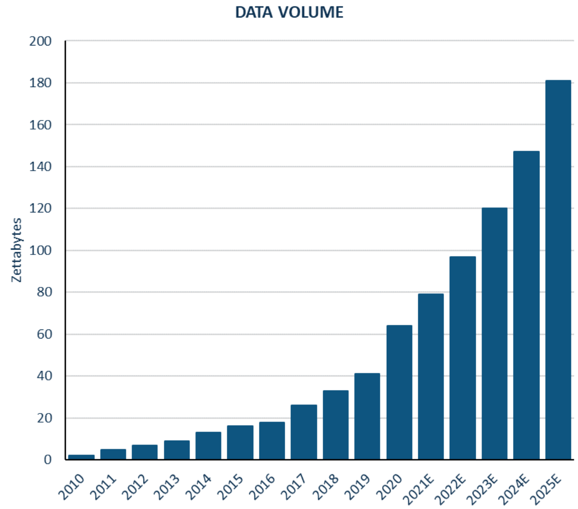


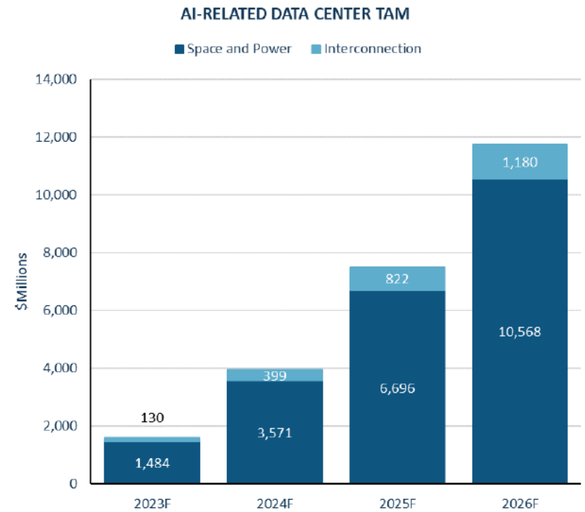


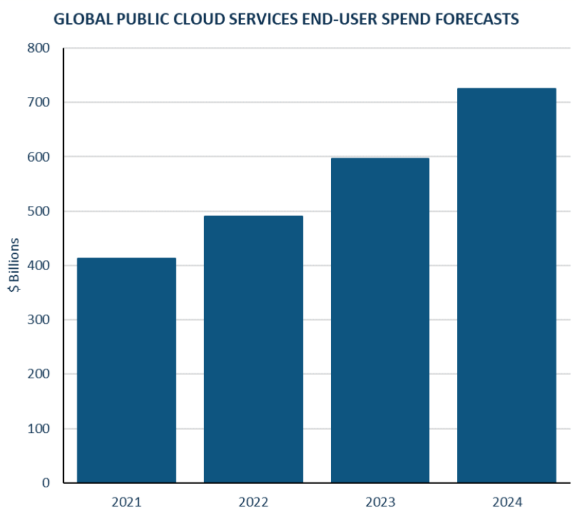
Note: Burgiss returns as of 12/31/23

Infra Spotlight: Data Centers

Favorable industry tailwinds (i.e. cloud computing, big data, and AI) are driving unprecedented demand for data centers







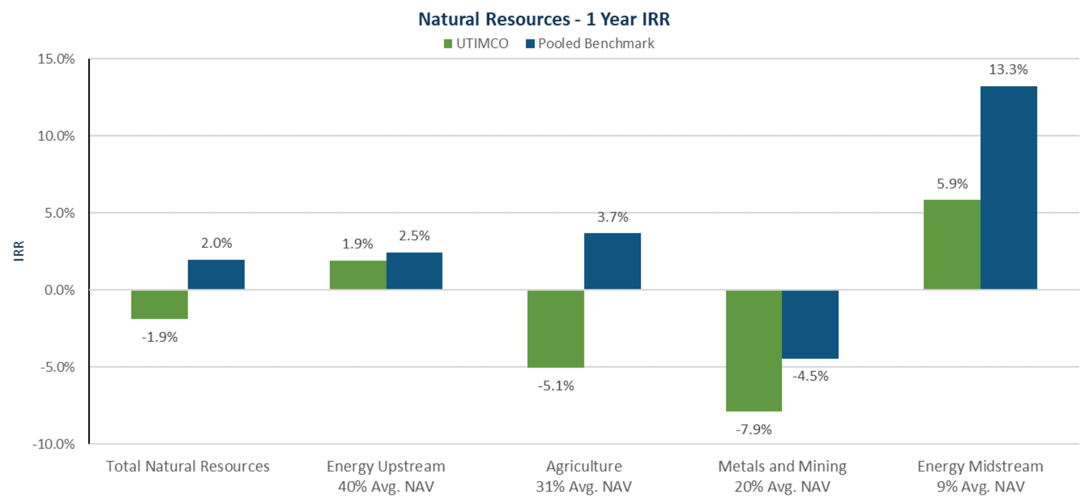
Ways to Play

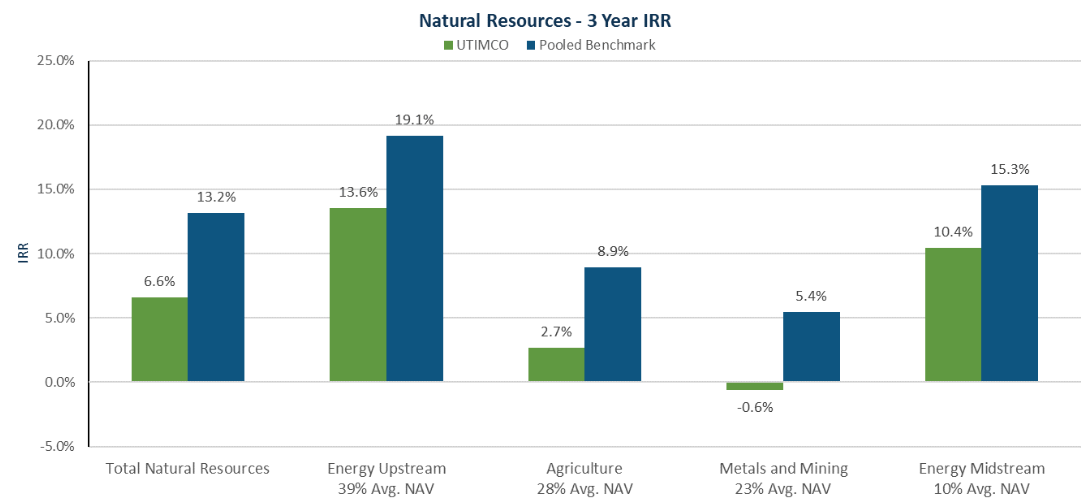
- Developing new or acquiring existing data centers
- Power: providing power to markets where demand is creating pressure on energy infrastructure
- Dark fiber: building or owning the fiber infrastructure that connects networks of data centers
  - Northern Virginia accounted for 55% of North American data center market absorption from 2020 to 2022

Sources: International Data Corporation, Evercore, Gartner

Natural Resource Portfolio Returns

NR one-year alpha significantly negative as all sectors underperformed their respective benchmarks

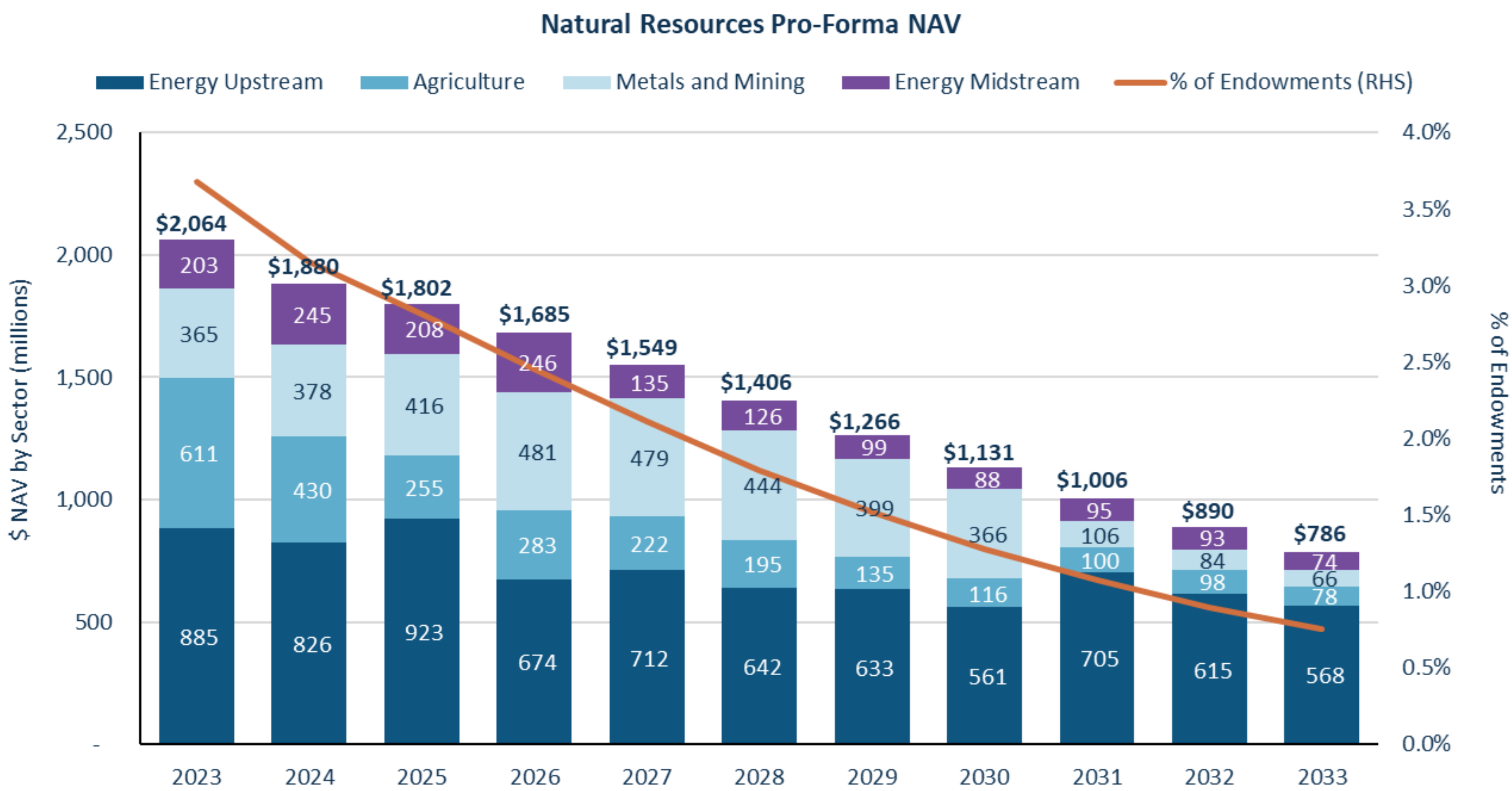




Note #1: Burgiss returns, Burgiss NAVs, and CA benchmark as of 12/31/23
Note #2: Natural Resources benchmark is NAV weighted by sub-asset class

Natural Resources Portfolio Run-off

The Natural Resources portfolio is expected to take over a decade to run-off despite making only limited new investments in upstream oil and gas going forward



Note: The run-off analysis applies the percentages of each sector from the Real Return team's bottoms-up commitment model to the nominal Natural Resources NAVs from Risk's commitment model

Summary

Difficult return environment, strong team, focus on executing value-add initiatives

- Stable team with no departures in last 5 years
  - Average tenure of 8 years

- Negative absolute performance over the past year, negative alpha driven by Natural Resources
  - Total Private Real Return: -0.6% IRR, -1.1% alpha
  - Private Real Estate: -3.8% IRR, 0.0% alpha
  - Private Natural Resources: -1.9% IRR, -3.9% alpha
  - Private Infrastructure: 8.7% IRR, 0.2% alpha

- Focus on return enhancing strategies
  - Co-investments in real estate and infrastructure
  - Participation in GP economics
  - Growth in power and data center demand

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item:	Private Equity Presentation
Developed By:	Private Equity Team
Presented By:	Pace, Thomas, McCarter
Type of Item:	Information Item
Description:	Dr. Pace, Mr. Thomas and Mr. McCarter will lead the presentation on Private Equity investments.
Recommendation:	None
Reference:	*Private Equity* presentation

Board of Directors Meeting

Private Equity

Patrick Pace, Managing Director
Craig Thomas, Managing Director
Brad McCarter, Senior Director

June 20, 2024

Key Highlights

Role in Endowment and Team

- $15.4 billion NAV (26.2% of the Endowments[1]) as of December 31, 2023
  - $8.3 billion in Buyouts and Growth (14.1%)
  - $4.7 billion in Venture Capital (8.0%)
  - $1.3 billion in Emerging Markets (2.2%)
  - $1.1 billion in Private Credit (1.9%)
- 11-person investment team, with average of 12 years of experience and three years at UTIMCO

Performance Summary

- 2.6% return in 2023, underperforming by 178 basis points when compared to the NAV-weighted benchmark
- 14.1% return and 90 basis points of alpha annualized over the past ten years
- 453 basis points annualized over MSCI World for the last ten years on a PME basis

Buyouts & Growth Strategy

- Diversified across value creation strategies, creating a durable return profile across market cycles.
- Rising rates have slowed investment and exit activity over the last two years
- Leverage and purchase multiples have declined, creating an attractive opportunity to deploy new capital

Venture Capital Strategy

- Steady deployment to diversify by vintage year and gain exposure to long-term technology and innovation trends
- Opportunistically scaling into established, multi-stage managers while prudently adding early-stage exposure
- While 1-yr performance has lagged, as private valuations slowly adjust, long-term returns remain excellent

(1) Endowment NAV as of 4/30/2024

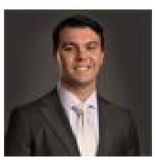
Private Equity Team

Patrick Pace, MD
Managing Director
M.D., University of Texas Medical School at Houston
Prior: EDG Partners, Citadel

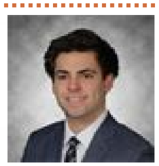
Craig Thomas
Managing Director
MBA, Yale University
Prior: Investure

Joe Hurtekant
Associate Director
BBA, University of Notre Dame
Prior: TRS, LGP

Susan Spears
Associate Director
MSA, University of Notre Dame
Prior: GKFF, Argonaut



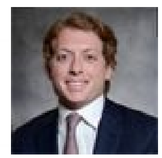
Colin Bernier
Associate
BS, University of South Carolina-Columbia
Prior: South Carolina RSIC



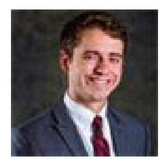
Max Miller
Analyst
BS, University of North Carolina
Prior: StepStone Group

Brad McCarter
Senior Director
BBA, University of San Diego
Prior: Hewlett Foundation

Beth Bruni
Associate Director
MBA, University of Virginia
Prior: Cambridge Associates



Lane Ware
Associate Director
BA, University of Virginia
Prior: First Reserve, Oryx Midstream



Ryan Bissmeyer
Senior Analyst
MSF, University of Texas at Austin
Prior: Duff & Phelps

Tracy Stewart
Investment Team Coordinator
MA, University of South Florida
Prior: Sage Advisory

New Team Members since last Board Presentation

UTIMCO Diversification Framework

LTSAA Policy Weights

Stable Value 18%	**Global Equity** 59%	**Real Return** 18%
Long Treasuries 5% Stable Value Hedge Funds 11% Cash 2%	Developed Markets 18% Emerging Markets 5% Directional Hedge Funds 6% **Private Equity 30%**	Real Estate 9% Infrastructure 9% Natural Resources 0%

Strategic Partners 5%

Economic Conditions

GDP surprises are negative Inflation surprisingly low with weak demand Negative earnings surprises Out of line valuations Flight to quality	Positive GDP surprises Inflation surprises not dramatic Positive earnings surprises Reasonable valuations Political stability	Real GDP growth too low Inflation surprises on the high side Real earnings too low Commodity-oriented demand exceeds supply by an above normal margin

Stable Value Regime Annualized Returns

1 YR	3 YR	10 YR
3.0%	1.9%	2.5%

Global Equity Regime Annualized Returns

1 YR	3 YR	10 YR
10.8%	4.4%	9.3%

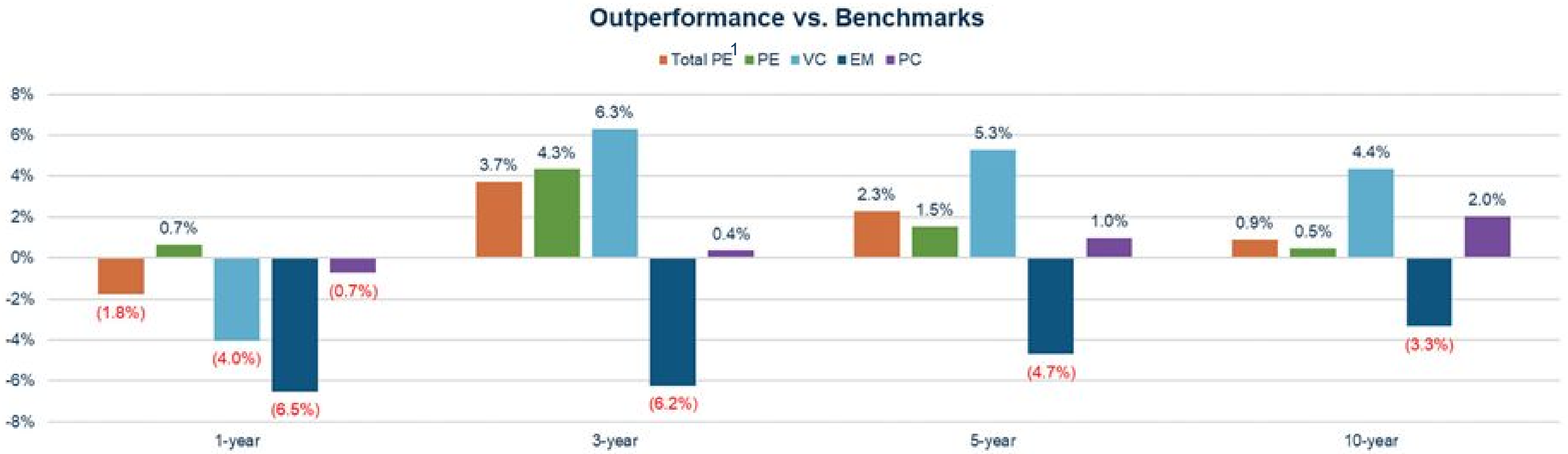
Real Return Regime Annualized Returns

1 YR	3 YR	10 YR
-1.8%	5.8%	5.7%

Time-weighted returns from UTIMCO Monthly Performance Report as of 4/30/2024

Performance and Key Highlights

Investment Results and Cambridge Associates Indices as of December 31, 2023; ($ millions)



(1) Total benchmark return is the weighted average of the sub-asset class specific benchmarks using UTIMCO beginning NAV.

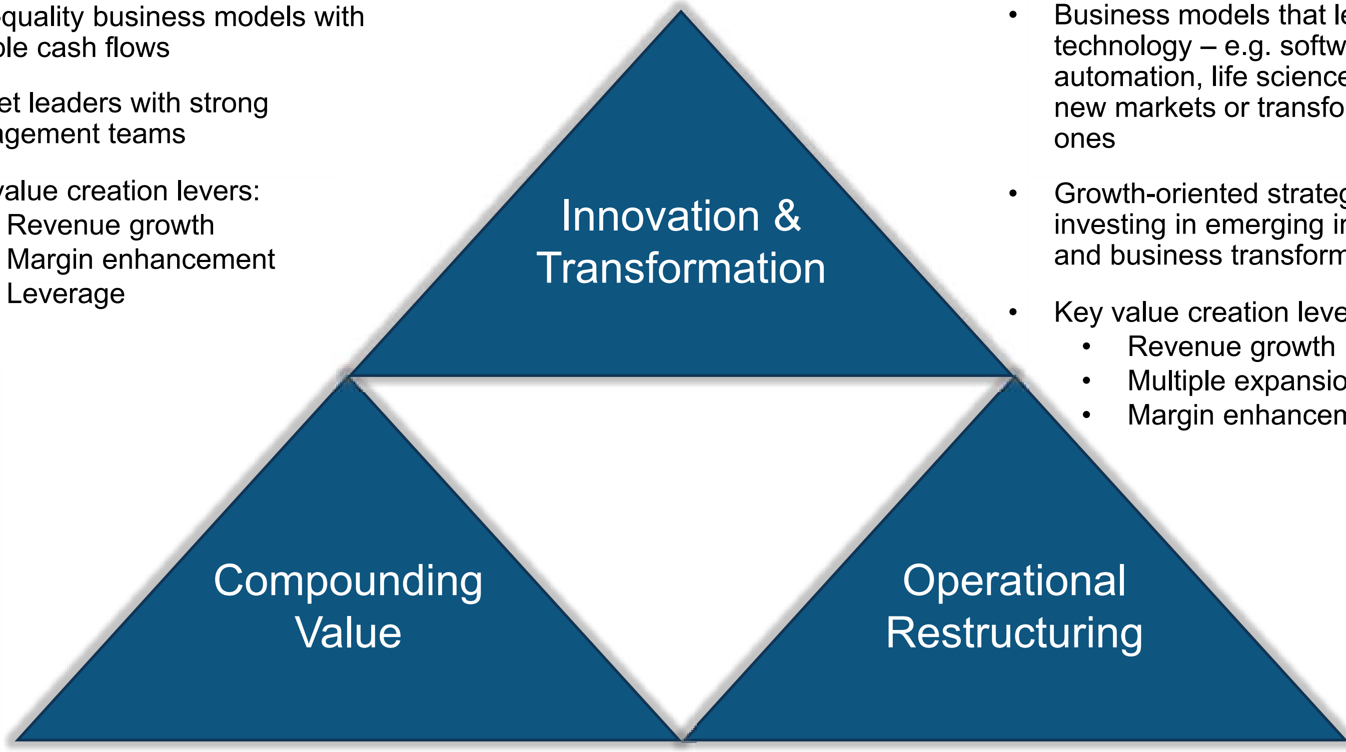
Buyouts & Growth Equity Portfolio Framework

Compounding Value

- High-quality business models with durable cash flows
- Market leaders with strong management teams
- Key value creation levers:
  - Revenue growth
  - Margin enhancement
  - Leverage

Innovation & Transformation

- Business models that leverage technology – e.g. software, automation, life sciences – to develop new markets or transform existing ones
- Growth-oriented strategies focused on investing in emerging industry leaders and business transformation
- Key value creation levers:
  - Revenue growth
  - Multiple expansion
  - Margin enhancement



Operational Restructuring

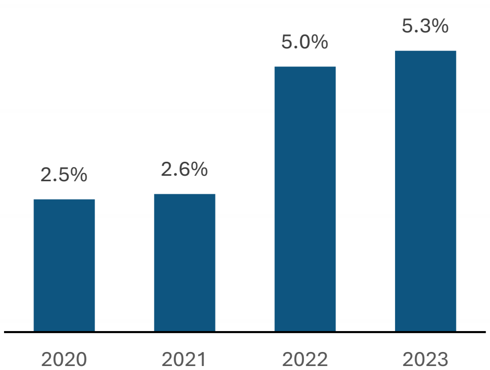
- Constrained or undermanaged businesses in established but often cyclical sectors – a focus on scale businesses
- Value creation strategies that leverage deep operational toolkits to drive outcomes
- Key value creation levers: Margin enhancement, Multiple expansion

Buyouts & Growth Strategy

Increasing Scale

- Continue to scale commitments and utilize direct investments to enhance concentration
- Consistent deployment pace of 5-6% of Endowments to maintain proper vintage year diversification

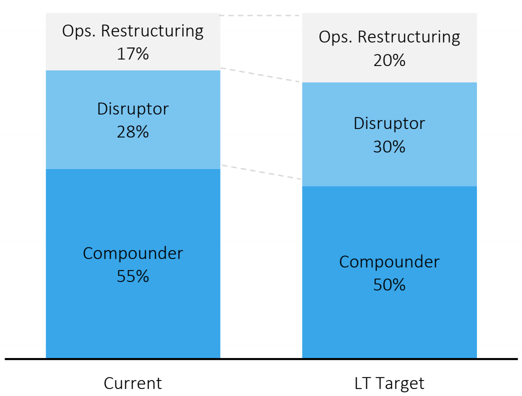
Buyouts & Growth Commitments
(% of Total Endowment)



Diversified Alpha

- Focus on diversifying across risk factors and value creation strategies to build durable return streams over time
- Marginally increase exposure to Disruptor and Operational Restructuring managers

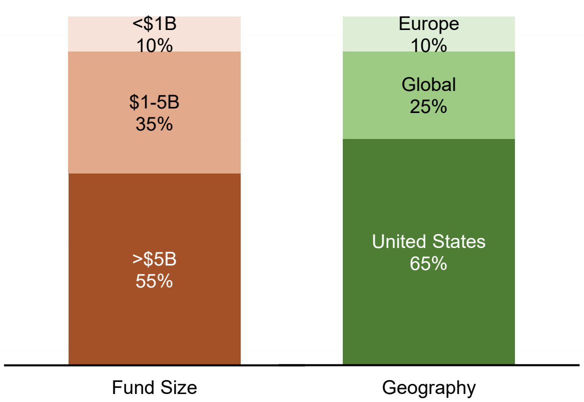
Exposure by Strategy
(% of Buyouts & Growth Exposure)



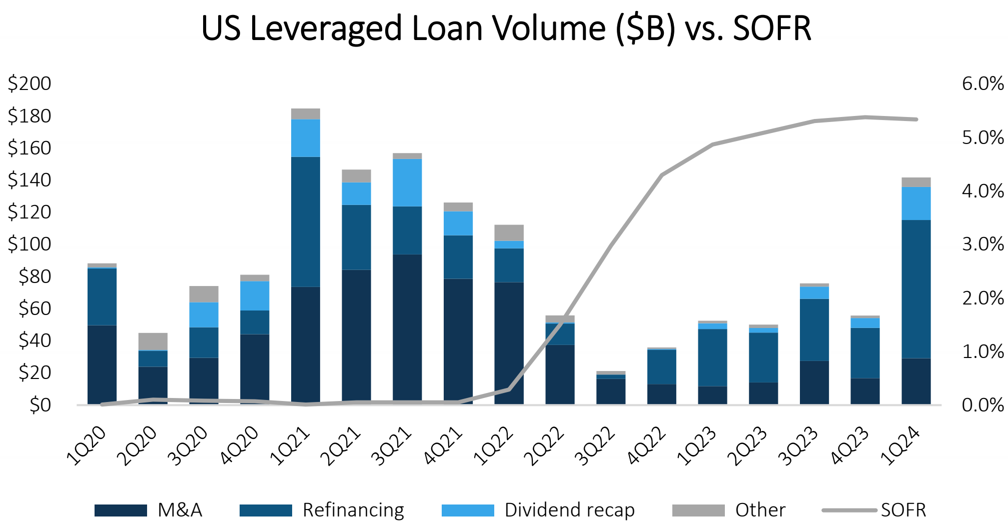
Portfolio Construction

- Gradually increase exposure to the middle market
- Maintain overweight to US and developed markets with a focus on business model quality

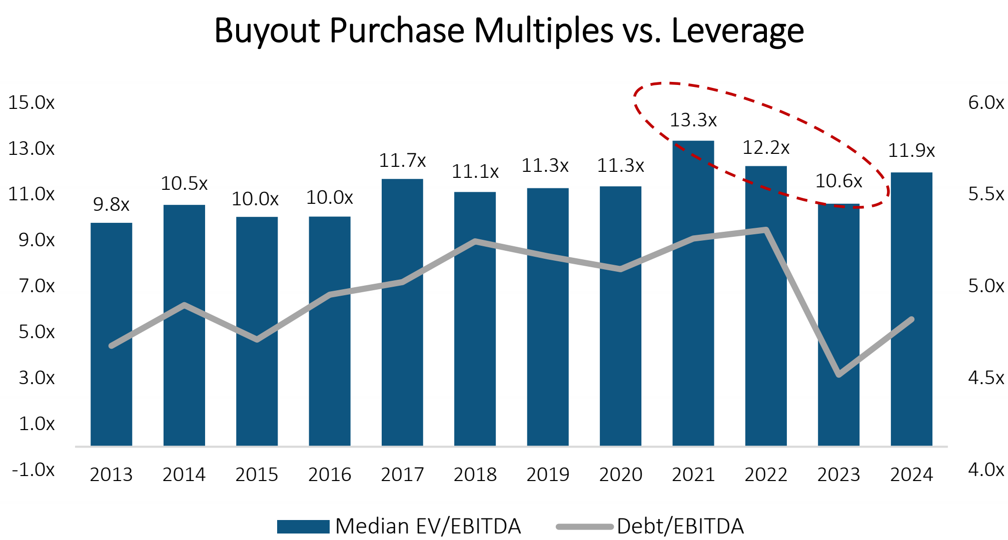
LT Allocation Targets
(% of Buyouts & Growth Commitments)



Buyouts & Growth Market Environment



- Rising rates pushed leverage loan volumes to 10-year lows in 2023.
- Uptick in loan volume in Q1 2024 driven by refinancings vs. new M&A
- Debt maturities have been pushed out to 2028 or later for ~70% US leveraged loans.



- Median purchase multiples for PE-backed M&A have declined 20%, or -2.7x, since the peak in 2021.
- Similarly, leverage multiples are at a 10-year low, given higher rate environment.
- Total US PE deal value in 2023 was $706B – down -23% YoY and -41% from peak in 2021

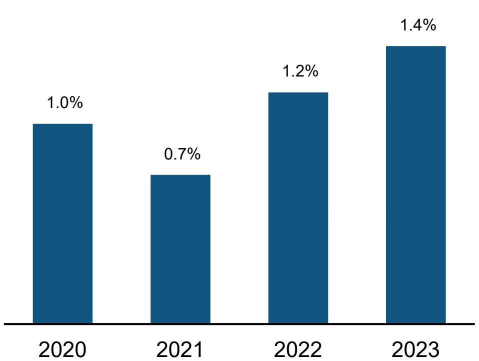
Source: Pitchbook

Venture Capital Strategy

Vintage Diversification

- Extremely difficult to time innovation cycles
- Long-term performance is often generated by a handful of vintage years
- Capacity to commit up to an average of 1.5% of the Endowments per year to achieve LT allocations

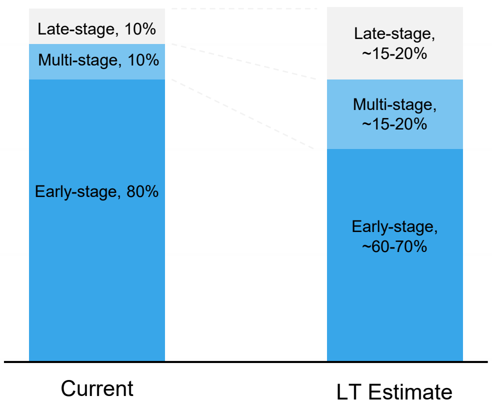
Venture Capital Commitments
(% of Total Endowment)



Entry Point

- Early-stage bias
- Likely to add late-stage exposure as the program scales

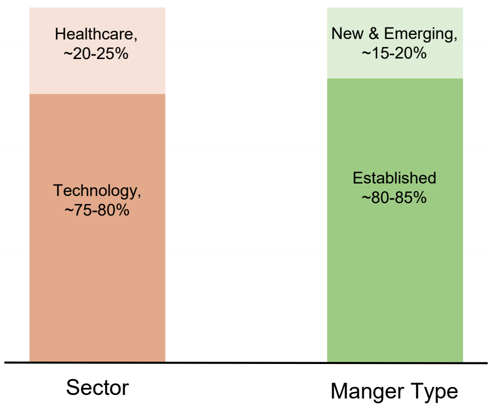
Stage Allocations
(% of Venture Capital Exposure)



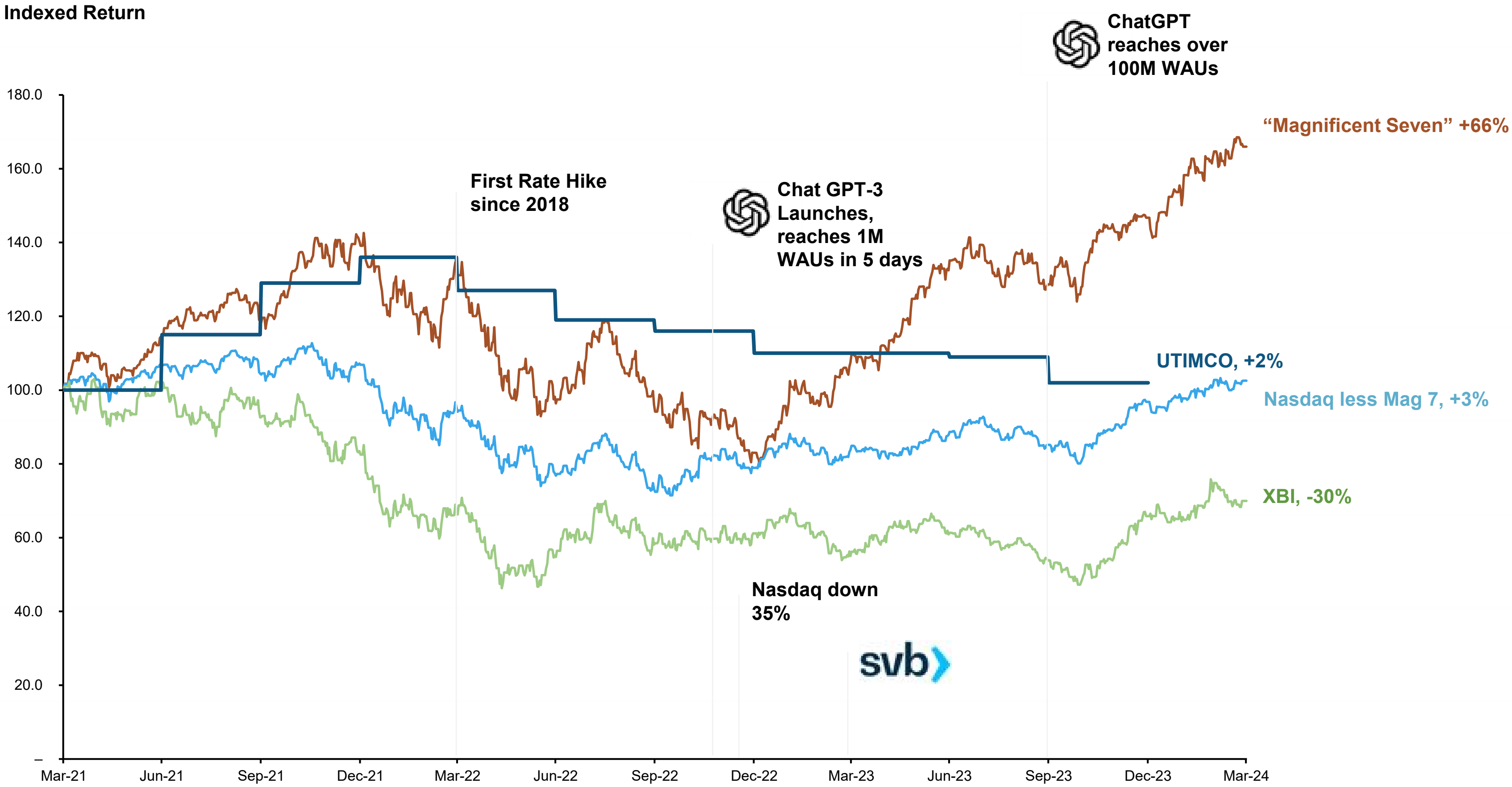
Portfolio Balance

- Technology will remain the core focus
- Appropriately balanced between New & Emerging Managers and Established Managers

LT Allocation Targets
(% of Venture Capital Commitments)



A Tale of Two Cities



Sources: Bloomberg, Techcrunch

Valuations

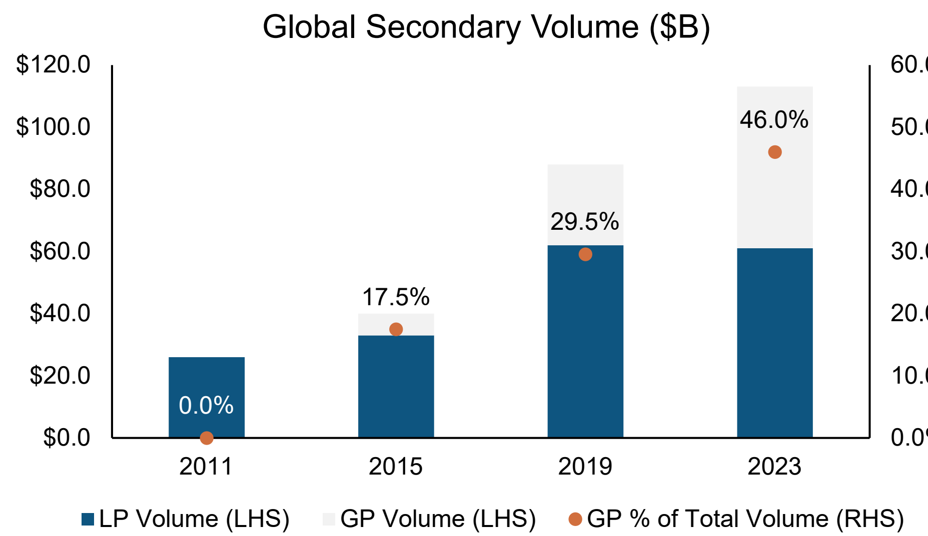
Median Pre-Money Valuations by Stage and Deal Count
(Indexed to Q1'21)

1. Valuations for seed stage companies have continued to climb given generative AI and market dynamics
2. Early stage valuations have started to rebound as lead Series A / B investors increase investment pace
3. Late stage valuations are most comparable to public markets where valuations remain compressed

Sources: Pitchbook-NVCA Venture Monitor

GP-Led Secondaries Update

- GP-led secondary transactions have become an increasingly important arena; now comprising 46% of the total 2023 secondary volume
- PE firms are utilizing the secondary market to hold high-performing assets for longer
- Early market performance has been strong; most cohorts since 2018 have outperformed the Cambridge Associates benchmark
- The PE team decided to actively source opportunities from existing partners to access high quality assets
- Since Q4 2022, the PE team has committed $110.0M to three opportunities, which have generated strong early performance (34.6% IRR / 1.3x MOIC)



Sources: Evercore, Portfolio Advisors, Jefferies

GP-Led Secondary Fund Performance

Vintage	Deals	Median Net TVPI	Median Net IRR	Alpha vs. CA Median Buyout
2018	6	1.8x	33.0%	14.1%
2019	11	2.4x	17.0%	-1.1%
2020	24	2.0x	29.5%	14.0%
2021	62	1.4x	16.5%	5.7%
2022	37	1.3x	33.0%	36.4%

Source: Evercore as of 9/30/2023

Conclusions

- The PE portfolio generated a 2.6% return in 2023, underperforming the combined benchmark by 178 bps
- The Buyouts and Growth portfolio remains focused on diversifying exposure to different value creation levers and concentrating in high quality businesses to perform through market cycles
- The Venture Capital portfolio targets exposure to the most meaningful venture backed companies by concentrating capital in early-stage technology managers across innovation cycles

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item: Report from Policy Committee: FY2025 Policies Review; and Discussion and Appropriate Action Related to Proposed Amendments to Investment Policy Statements, Liquidity Policy, Derivative Investment Policy, and Delegation of Authority Policy

Developed By: Team

Presented By: Handley, Hall, Chen, de Onís

Type of Item: Action item; Action required by UTIMCO Board and by the Board of Regents of The University of Texas System ("UT Board")

Description: The Policy Committee ("Committee") met separately and jointly with the Investment Risk Committee on June 11, 2024. The Joint Committee meeting agenda included discussion and appropriate action related to proposed amendments to the Investment Policy Statements, the Liquidity Policy, Derivative Investment Policy, and the Delegation of Authority Policy. The Committee's separate meeting agenda included: (1) discussion and appropriate action related to the approval of minutes of the June 8, 2023 meeting and the June 8, 2023 joint meeting of the Policy and Investment Risk Committees.

The IMSA requires that UTIMCO review the current Investment Polices for each Fund at least annually. The review includes long-term investment return expectations and expected risk levels, strategic asset allocation targets and ranges for each Asset Class and fund, designated performance benchmarks for each Asset Class and such other matters as the UT Board or its staff designees may request. The Committee also reviewed the Liquidity Policy, Derivative Investment Policy, and the Delegation of Authority Policy.

Discussion: Mr. Hall will review the *FY2025 Policies Review* presentation and the proposed amendments to the Investment Policy Statements, the Liquidity Policy, the Derivative Investment Policy, and the Delegation of Authority Policy.

The **Investment Policy Statements** of the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF) are being amended to reflect the proposed changes effective September 1, 2024.

The **PUF Investment Policy Statement** is included in the materials with the proposed tracked changes. These proposed changes will also be made in the **GEF Investment Policy Statement** and are as follows:

> *Pages 4, 8*; moves the portable alpha paragraph into its own section entitled "Cross Asset Strategies" and limits application of portable alpha strategies to the Developed Public Equity, Emerging Markets Public Equity, and Long

Treasuries asset classes; the definition of portable alpha otherwise remains unchanged.

Page 5; clarifies that active extension strategies involve the use of leverage and offsetting long and short exposures and that such strategies are permitted in Developed Public Equity and Emerging Markets Public Equity asset classes, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Page 9; clarifies that use of leverage or margin must be authorized by the Board or Board-approved policies, conforming this provision to a similar provision regarding short sales.

Pages 10, 11, 14 (Exhibit A); moves leverage reference into the Policy from Exhibit A and continues to provide that leverage is permitted up to 110% of net asset value; this section further clarifies what constitutes leverage for purposes of the 110% calculation.

Other pages contain various non-substantive, wordsmithing changes, including changing “Chairman” to “Chair,” changing “immediately” to “promptly,” and moving the Performance Measurement section to the section of the Policy where that item is more logically addressed.

The **ITF Investment Policy Statement** will include the same changes as the PUF, except as follows:

Pages 7, 11 (Exhibit A); moves leverage reference into the Policy from Exhibit A and continues to provide that leverage is permitted up to 105% of net asset value; this section further clarifies what constitutes leverage for purposes of the 105% calculation.

Page 11 (Exhibit A); increases the allocation target range maximum to +10.0% for Developed Public Equity, Total Public Equity, and Total Global Equity.

Page 11 (Exhibit A); ITF does not include private markets Asset Classes, so change to median Cambridge benchmarks noted below is not applicable.

Recommended changes to the **LTF Investment Policy Statement** are as follows:

Page 6; lowers quarterly redemption “soft limit” gate from 5% to 2.5%.

Other pages contain various non-substantive, wordsmithing changes, including making the definition of “Cash” consistent with the Liquidity Policy, and moving sections regarding compliance and Performance Measurement to sections of the Policy where those items are more logically addressed.

Exhibits A of the PUF, GEF, and ITF, and Exhibits B of the PHF and LTF Investment Policy Statements have been amended to remove China from the IGFI benchmark and, where applicable (all but ITF), to change that Cambridge benchmarks are measured against the median, pending discussion with Compensation Committee.

Recommended changes to the **Liquidity Policy** are as follows:

Page 1, 2; updates definition of cash to include currencies, clarifies that all money market funds within rating thresholds are allowed, and permits repo and reverse repo counterparties to include another entity or agency of the State of Texas.

Page 2; moves UT System reporting requirement to Reporting section on page 5; language is otherwise materially unchanged.

Page 3; removes ability to alter the liquidity status of an investment through derivatives.

Page 3; temporarily increases illiquidity limit from 75% to 80% when S&P declines by 25% or more within a rolling one-year period and reverts to 75% no later than 18 months after the 75% illiquidity threshold was first breached.

Page 3, 4, 5; removes repetitive language that exceeding illiquidity limits requires prior approval, and clarifies that approval is required from the Investment Risk Committee after consultation with the UT System Office of Business Affairs; language and requirements are otherwise unchanged.

Page 4; updates Documentation and Controls section to limit authority for determining liquidity categories to Senior Managing Directors, and reflects current reporting and testing protocols.

Recommended changes to the **Derivative Investment Policy** are as follows:

Page 1 (Scope); clarifies that commingled investment vehicles are governed by their respective agreements rather than confusingly worded “investment policy statements.”

Page 4; clarifies CIO and CCO duties in the event of noncompliance, and changes “immediately” to “promptly.”

Page 6 (Exhibit A); clarifies Agency Agreement definition.

Page 9, 10 (Exhibit B); allows “net short” exposure to equity style factors, allows Derivative Investments intended to bring portfolio beta closer to the portfolio target, and removes outdated modeling paragraph in favor of more current modeling requirements in internal procedures.

Other pages contain various non-substantive, wordsmithing changes, including clarifying the scope of the Policy, changing “immediately” to “promptly,” changing “Chairman” to “Chair,” and removing repetitive language regarding the objective of the Policy.

Recommended changes to the **Delegation of Authority Policy** are as follows:

Page 2, 3; includes “Legal” in grant of Compliance authority, subject to IMSA requirements and limitations, and authorizes General Counsel (in addition to CEO) to direct day-to-day work of Fiduciary Counsel, consistent with current practice.

Page 3; increases CEO authority to execute non-investment contracts up to $2 million (from $1 million), and increases threshold board reporting requirement of contracts to $500,000 (from $250,000), consistent with increases to UTIMCO budget over time.

Page 7; authorizes CEO to use one or more prime brokers for cash management services, custodial services, securities lending and borrowing, and to facilitate short sales and the purchase of securities on margin within applicable limitations provided by UTIMCO’s investment policies and subject to IMSA requirement that the UTIMCO Board and UT System approve “Custodians”.

Other pages contain various non-substantive, wordsmithing changes including correcting UT System office names, changing “Chairman” to “Chair,” changing defined term “Total Assets” to “UTIMCO Exposure,” changing “immediately” to “promptly,” and removing repetitive language regarding the Maximum Manager Mandate and requirements in the Derivative Investment Policy.

Recommendation: Director Handley will request the UTIMCO Board to approve the proposed amendments to the (1) Investment Policy Statements for the PUF, GEF, PHF, LTF and ITF, the Liquidity Policy and the Derivative Investment Policy, all subject to approval by the UT Board, and (2) the Delegation of Authority Policy.

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Reference: *FY2025 Policies Review*
PUF Investment Policy Statement
ITF Investment Policy Statement
LTF Investment Policy Statement
Liquidity Policy
Derivative Investment Policy
Delegation of Authority Policy

RESOLUTION RELATED TO INVESTMENT POLICIES

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

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

Board of Directors Meeting

FY2025 Policies Review

Richard Hall, CEO and CIO

Susan Chen, Senior Managing Director, Public Equities

Carolina de Onís, General Counsel & Chief Compliance Officer

June 20, 2024

Presentation Overview

1. Governance and Policy Framework
2. Summary of Changes
3. Investment Policy Statements
4. Liquidity Policy
5. Derivative Investment Policy
6. Delegation of Authority
7. Appendix

Governance and Policy Framework

Successive Levels of Delegation from Board of Regents to UTIMCO Board and Management

UT System Board of Regents

- Investment Management Services Agreement (IMSA)
- BOR retains ultimate fiduciary authority over assets delegated to UTIMCO
- BOR retains policy setting authority, including over Investment Policy Statements and Code of Ethics
- Appoints UTIMCO as agent and investment manager to make all necessary decisions, subject to limitations in the IMSA

UTIMCO Board of Directors

- Delegation of Authority (DOA)
- Delineation of responsibilities between the Board and management
- Board is responsible for investment and management oversight
- Approves investment policies such as:
  - Investment Policy Statements
  - Derivatives Policy
  - Liquidity Policy
  - Other major policies such as the Code of Ethics

UTIMCO Management

- Granted enumerated powers and subjected to limitations under the IMSA and the DOA
- Responsible for day-to-day management of UTIMCO and delegated assets
- Provides recommendations on Board-level policies and implements them if approved
- Promulgates internal policies and procedures consistent with delegated authority

Summary of Changes

Scope and Purpose of Board Policy Review

Two years since last comprehensive review of all Board Investment Policies

- Yearly review required of IPS by UTIMCO Board and UTS Board of Regents
- Other investment policies reviewed periodically

Clarifiers and Cleanups (majority of changes)

- IPS: Refine language around the following existing concepts
  - Cross-Asset Strategies (Portable Alpha)
  - Active Extension
  - Leverage
- All Policies: Various other streamlining and wordsmithing

Substantive Changes

- IPS: Remove China from IGFI benchmark and Cambridge benchmarks are measured against the median
- LTF IPS: Lower “soft limit” on LTF quarterly redemptions from 5% to 2.5%
- Liquidity: Expand repo/reverse repo counterparties
- Liquidity: Temporarily increase illiquidity by 5% when S&P declines by 25%
- Derivative: Minor enhancements to two use cases for Internal Derivatives
- DOA: Allow use of Prime Brokers, subject to certain limitations
- DOA: Raise approval and reporting thresholds for non-investment contracts

Investment Policy Statements

Investment Policy Statements

Clarifications and Modifications to the PUF and other IPSs

Portable Alpha

- Definition and authority remains unchanged
- Clearly identify Portable Alpha as a multi-asset strategy that is limited to the following asset classes: Developed Public Equity, Emerging Markets Public Equity, and Long Treasuries

Active Extension

- Provide clarity on parameters and application of active extension strategy
  - Targets beta 1.0 and includes offsetting short and long exposure
  - Limited to Developed Public Equity and Emerging Markets Public Equity

Leverage

- Clearly specify existing leverage limits by relocating from Exhibit A to main body of policy
  - No change to existing limits of 110% for Endowments and 105% for ITF
- Clearly specify methods and procedures for testing and monitoring Leverage

Exhibit A

- Asset Allocation targets unchanged
- Remove China from IGFI benchmark
  - Before: Bloomberg Global Aggregate Index – Hedged
  - After: Bloomberg Global Aggregate Index x-CNY – Hedged
- Change that Cambridge benchmarks are measured at the median, pending discussion with Compensation Committee

Investment Policy Statements

Clarifications and Modifications to the LTF and Other Clean up Changes

LTF IPS

- Lower quarterly redemption "soft limit" gate from 5% to 2.5%.
- Notwithstanding, Board of Regents may redeem in installments on a pro rata basis if quarterly redemption requests equal or exceed 2.5%, same as before but now with the lower threshold

Other Clarifiers and Cleanups

- Relocated "Performance Management" paragraph
- Other minor wordsmithing, such as changing "Chairman" to "Chair" and "immediately" to "promptly"

Liquidity Policy

Liquidity Policy

Repo/Reverse Repo Counterparty Flexibility

- Include Texas state entities or agencies as permissible counterparties for PUF/GEF/ITF

Liquidity Flexibility

- Temporarily increase illiquidity limit from 75% to 80% when S&P declines by 25% or more over a rolling one-year period
- Revert to normal 75% limit within 18 months or less

Clarifiers and Cleanups

- Clarify that all MMFs meeting the rating thresholds are allowed in definition of Cash
- Move UTS reporting requirements to reporting section
- Remove ability to alter liquidity status
- Consolidate duplicative provisions, remove repetitive language, and clarify that exceeding illiquidity limits requires approval of Investment Risk Committee after consultation with UT System Office of Business Affairs
- Update Documentation and Controls section to reflect current reporting and testing protocols
- Other minor wordsmithing

Derivative Investment Policy

Derivative Investment Policy

Revise Internal Derivatives Authority

- To allow “net short” exposure to equity style factors given that such Derivative Investments generally are used to manage factor exposure at portfolio level (Exhibit B, 5(c))
- To allow long or short Derivative Investments intended to bring portfolio beta closer to portfolio target (Exhibit B, 5(d))
  - For example, Directional HF managers sometimes take similar individual actions that have material aggregate impact on portfolio beta
  - This authority is for mitigating that impact, to bring portfolio beta in line with the portfolio target, not for making directional beta bets
  - Such use of Derivatives will be reported to the Investment Risk Committee in the quarterly report provided by the Managing Director, Risk Management
- **Clarifiers and Cleanups**
  - Remove outdated “Modeling” paragraph from Exhibit B in favor of more current modeling requirements in Procedure document
  - Clarify “Agency Agreement” definition
  - Other minor wordsmithing, such as changing “Chairman” to “Chair” and “immediately” to “promptly”

Delegation of Authority

Delegation of Authority

Allow Prime Brokers

- Authorized, generally, as tool for liquidity, leverage, and trade/strategy execution
- Actual PB to be selected later, subject to Board of Regents approval under IMSA

Raise Non-Investment Contract Approval and Reporting Levels

- Proportional to increased UTIMCO budget over time
- CEO currently can execute up to $1 million. Recommend increase to up to $2 million
- Contracts > $250k currently must be reported to Board. Increase to >$500k.

Clarifiers and Cleanups

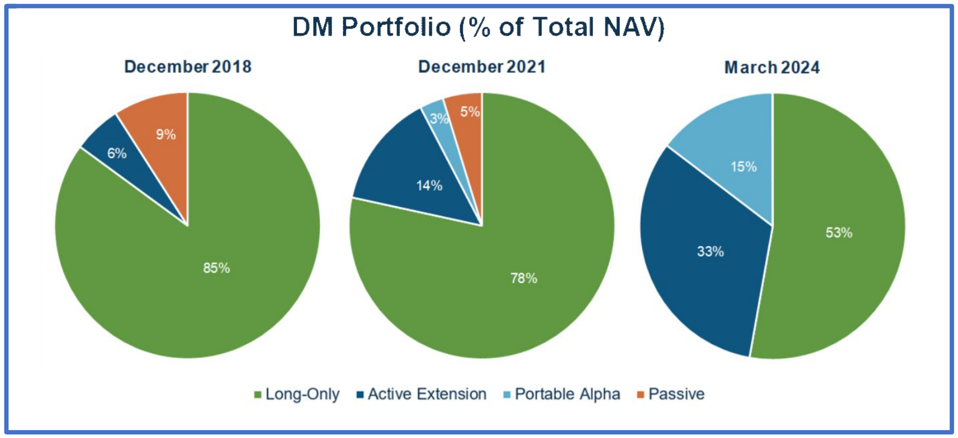
- Grant of “Compliance” authority includes “Legal,” subject to IMSA requirements and limitations
- GC (in addition to CEO) can direct day-to-day work of Fiduciary Counsel
- Others
  - Change defined term “Total Assets” to “UTIMCO Exposure,” which is what is tested
  - Define, streamline and consolidate requirements
    - For example, state a requirement once, and then subsequently refer to that requirement rather than restating it
  - Other minor wordsmithing, such as changing “Chairman” to “Chair” and “immediately” to “promptly”

Appendix

Investment Policy Statements

Portfolio Evolution Related to Policy Changes

- **Illustrative Portfolio**



Time Period	Investments	Board Communications
2009	Invested in 1 AE strategy	Certificate of Compliance
March 2019 to June 2023	Invested in 7 AE strategies	Certificates of Compliance
July 2020	Invested in 1 PA strategy (bond alpha + equity beta)	Certificate of Compliance
March to June 2022		Previewed plans to expand PA; recommended IPS change to clarify permissibility of PA
September 2022	Invested in Hedge Fund PA strategy (HF alpha across 10 managers + equity beta)	(Existing HFs, so Certificates of Compliance not required)
May 2023	Invested in 1 PA strategy (HF alpha + equity beta)	Certificate of Compliance
June 2023		Recommended IPS and Liquidity Policy changes to support continued expansion of PA strategies

THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND
INVESTMENT POLICY STATEMENT

Purpose

The Permanent University Fund (the "PUF") is a public endowment contributing to the support of eligible institutions of The University of Texas System and The Texas A&M University System as provided in Article VII, Section 18 of the *Texas Constitution*.

PUF Organization

The PUF was established in the *Texas Constitution* of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. Today, the PUF contains 2,109,190 acres of land (the "PUF Lands") located in 19 counties primarily in West Texas.

The 2.1 million acres comprising the PUF Lands produce two streams of income: a) mineral income, primarily in the form of oil and gas royalties and b) surface income, primarily from surface leases and easements. Under the Texas Constitution, mineral income, as a non-renewable source of income, remains a non-distributable part of PUF corpus, and is invested pursuant to this Policy Statement. Surface income, as a renewable source of income, is distributed to the Available University Fund (the "AUF"), as received. The Constitution also requires that all surface income and investment distributions paid to the AUF be expended for certain authorized purposes.

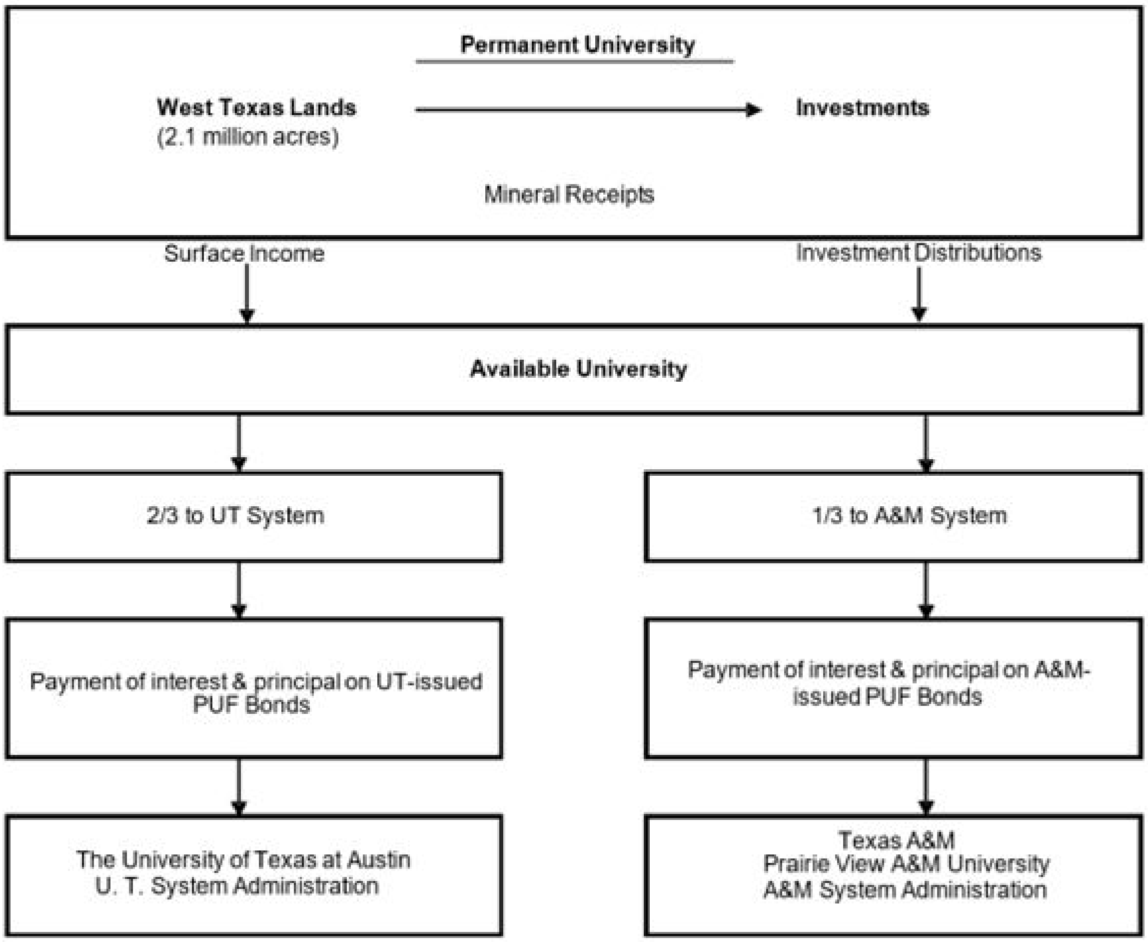
The expenditure of the AUF is subject to a prescribed order of priority:

First, following a 2/3rds and 1/3rd allocation of AUF receipts to the U. T. System and the A&M System, respectively, AUF receipts are expended for debt service on PUF bonds. Article VII of the *Texas Constitution* authorizes the U. T. System Board of Regents (the "Board of Regents") and the Texas A&M University System Board of Regents (the "TAMUS Board") to issue bonds payable from their respective interests in AUF receipts to finance permanent improvements and to refinance outstanding PUF obligations. The Constitution limits the amount of bonds and notes secured by each System's interest in divisible PUF income to 20% and 10% of the book value of PUF investment securities, respectively. Bond resolutions adopted by both Boards also prohibit the issuance of additional PUF parity obligations unless the interest of the related System in AUF receipts during the preceding fiscal year covers projected debt service on all PUF Bonds of that System by at least 1.5 times.

Second, AUF receipts are expended to fund a) excellence programs specifically at U. T. Austin, Texas A&M University and Prairie View A&M University and b) the administration of the university Systems.

The payment of surface income and investment distributions from the PUF to the AUF and the associated expenditures is depicted below in Exhibit 1:

Exhibit 1



PUF Management

Article VII, Section 11b of the *Texas Constitution* assigns fiduciary responsibility for managing and investing the PUF to the Board of Regents. Article VII, Section 11b authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the PUF in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

Ultimate fiduciary responsibility for the PUF rests with the Board of Regents. Section 66.08 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the PUF shall be managed by UTIMCO, which shall a) recommend investment policy for the PUF, b) recommend specific Asset Class allocation targets, ranges and performance benchmarks consistent with PUF objectives, and c) monitor PUF performance against PUF objectives. UTIMCO shall invest the PUF's assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges, and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

PUF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of PUF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

PUF Investment Objectives

The PUF and the General Endowment Fund (the "GEF") are managed similarly for efficient investment purposes. The primary investment objective of the PUF shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U.T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO's risk model. Liquidity of the PUF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

PUF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will ~~immediately~~promptly report this situation to the UTIMCO Board ~~Chairman~~Chair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PUF asset values could warrant requesting approval of the UTIMCO Board ~~Chairman~~Chair to waive immediate remedial action.

~~Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.~~

Within the general investment regimes of Global Equity, Stable Value, and Real Return, PUF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering ("IPO")) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering ("IPO")) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term "Cash" in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods~~,~~ or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that contributes to the economic or social productivity of an organization, community, or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts ("REITs") or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

Strategic Partnerships:

Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio's risk-adjusted returns.

Cross-Asset Strategies:

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

Innovation and Disruption:

The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All ~~mandates~~investments will be categorized at inception and on an ongoing basis by Asset Class.

~~**Performance Measurement**~~

~~The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PUF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect PUF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~

Investment Guidelines

The PUF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of PUF assets in such investments.
- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The PUF's investments in warrants shall not exceed more than 5% of the PUF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The PUF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of PUF value.

Investment Grade and Credit-Related Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate, and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.

- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

PUF Distributions

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the ~~inflation adjusted~~inflation-adjusted value of distributions is maintained over the long term; and
- ensure that the ~~inflation adjusted~~inflation-adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

Annually, the Board of Regents will approve a distribution amount to the AUF pursuant to Regents' Rule 80303, Section 2.2.

Following approval of the distribution amount, distributions from the PUF to the AUF will be made at the discretion of UTIMCO management in consultation with the U. T. System Office of Finance and The Texas A&M University System Office of Treasury Services.

Leverage

The PUF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively "Leverage"). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 110% of the net asset value of the PUF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

PUF Accounting

The fiscal year of the PUF shall begin on September 1st and end on August 31st. Market value of the PUF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be "other than temporarily impaired" as defined by GAAP shall be written off and reported to UTIMCO's Chief Investment Officer and the UTIMCO Board when material. The PUF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PUF net assets. Valuation of PUF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PUF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances.

The fair market value of the PUF's net assets shall include all related receivables and payables of the PUF on the valuation. Such valuation shall be final and conclusive.

Performance Measurement

The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PUF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect PUF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Compliance

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Securities Lending

The PUF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the PUF shall be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PUF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PUF solely in the interest of the U. T. System and the A&M System, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PUF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2023~~2024.

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2023~~ 2024

Asset Class	**Min v Target(1)**	**Target(2)(3)**	**Max v Target(1)**	**Benchmark**
Global Equity:				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Total Public Equity	-5.0%	26.4%	+15.0%	
Directional Hedge Funds	-5.0%	6.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity(3)	17.5%	27.5%	37.5%	Blended **Median** Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	59.9%	+15%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index **x-CNY** - Hedged
Long Treasuries	-5.0%	5.1%	+5.0%	Bloomberg US Treasury: Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
Total Fixed Income	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	17.6%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
Total Commodities	-5.0%	0.0%	+5.0%	
Natural Resources(3)	0.0%	3.3%	8.0%	Blended **Median** Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
Infrastructure(3)	0.0%	4.5%	10.0%	**Median** Cambridge Infrastructure
Real Estate(3)	5.0%	9.7%	15.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and **Median** Cambridge Total Real Estate
Total Real Return	-6.0%	17.5%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%	110.0%	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 110% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

POLICY/TARGET RETURN/RISKS(2)	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.

THE UNIVERSITY OF TEXAS SYSTEM
INTERMEDIATE TERM FUND
INVESTMENT POLICY STATEMENT

Purpose

The University of Texas System Intermediate Term Fund (the "ITF") was established by the Board of Regents of The University of Texas System (the "Board of Regents") as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by U. T. System institutions and U. T. System Administration.

ITF Organization

The ITF functions as a mutual fund in which each eligible account purchases and redeems ITF units as provided herein. The ownership of ITF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

ITF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of ~~investment~~investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the ITF.

Ultimate fiduciary responsibility for the ITF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the ITF shall be managed by UTIMCO, which shall a) recommend investment policy for the ITF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with ITF objectives, and c) monitor ITF performance against ITF objectives. UTIMCO shall invest the ITF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

ITF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of ITF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase ITF Units

No account shall be eligible to purchase units of the ITF unless it is under the sole control, with full discretion as to investments, by the Board of Regents. Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the ITF.

ITF Investment Objectives

The ITF consists of intermediate and long-term funds held by the U. T. System Board of Regents, as a fiduciary, for the benefit of U. T. System institutions, U. T. System Administration, and other affiliated funds. ITF assets are pooled for efficient investment purposes and managed by UTIMCO over the intermediate to longer term.

The primary investment objective of the ITF is to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate.

The secondary investment objective is to preserve the purchasing power of ITF assets by earning a compound annualized return over rolling five-year periods, net of all direct and allocated expenses, of at least inflation as measured by the Consumer Price Index (CPI-U) plus 3% and to generate average annual returns net of all investment-related expenses, in excess of the approved Policy Portfolio over rolling five-year periods. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO's risk model. Liquidity of the ITF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

ITF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. The Asset Class allocation is designed to accommodate the intermediate investment horizon of the ITF assets with enhanced returns at moderate managed risk levels. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset ~~Class~~Classes or the Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will ~~immediately~~promptly report this situation to the UTIMCO Board ~~Chairman~~Chair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the ITF asset values could warrant requesting approval of the UTIMCO Board ~~Chairman~~Chair to waive remedial action.

~~Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage at the underlying strategy level. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.~~

Within the general investment regimes of Global Equity, Stable Value, and Real Return, ITF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering ("IPO")) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering ("IPO")) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term "Cash" in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Public Real Estate – Public Real Estate invests principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate or real assets. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Public Real Estate includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Cross-Asset Strategies:

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries

Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

All ~~mandates~~investments will be categorized at inception and on an ongoing basis by Asset Class.

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The ITF must be invested at all times in strict compliance with applicable law. Investment guidelines include the following:

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- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of ITF assets in such investments.
- No securities may be purchased or held which would jeopardize the ITF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.

- The ITF's investments in warrants shall not exceed more than 5% of the ITF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The ITF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 50 basis points of ITF value.

Investment Grade Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

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- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
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Valuation of ITF Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all ITF net assets and the net asset value per unit of the ITF. The final determination of ITF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances. Valuation of ITF assets shall be based on the books and records of the custodian for the valuation date.

The fair market value of the ITF's net assets shall include all related receivables and payables of the ITF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Performance Measurement

The investment performance of the ITF will be measured by the ITF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, compared against the stated Policy Benchmarks of the ITF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices reported by the independent custodian and weighted to reflect ITF's approved Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

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Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

ITF Distributions

The ITF shall provide monthly distributions to the unit holders. The Board of Regents will approve an annual distribution amount. Distributions from the ITF to the unit holders shall be made monthly on the first business day of each month. To calculate the monthly distribution, the distribution rate (% divided by 12) will be multiplied by each unit holder's account, determined as follows:

- Net asset value of each unit holder's account on the last business day of the second prior month;
- Plus value of each unit holder's net purchase/redemption amount on the first business day of the prior month;
- Less the distribution amount paid to each unit holder's account on the first business day of the prior month.

Purchase and Redemption of ITF Units

The ITF participants may purchase units on the first business day of each month upon payment of cash or reinvestment of distributions to the ITF, at the net asset value per unit of the ITF as of the prior month ending valuation date. Such purchase commitments are binding. The ITF participants may redeem ITF units on a monthly basis. The unit redemption shall be paid in cash as soon as practicable after the month end valuation date of the ITF. Redemptions from the ITF shall be at the market price per unit determined at the time of the redemption. Such redemption commitments are binding.

Participants of the ITF are required to provide notification of purchases and redemptions based on specific notification requirements as set forth in The University of Texas System Allocation Policy for Non-Endowment Funds.

Securities Lending

The ITF may participate in a securities lending contract with a bank or non-bank security lending agent for purposes of realizing additional income. Loans of securities by the ITF shall be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the ITF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the ITF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the ITF solely in the interest of ITF unitholders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the ITF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2023~~2024.

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2023~~ 2024

Asset Class	Min v Target(1)	Target(2)	Max v Target(1)	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	11.5%	~~+5.0%~~ +10.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	3.5%	+5.0%	Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Total Public Equity	-5.0%	15.0%	~~+5.0%~~ +10.0%	
Directional Hedge Funds	-5.0%	35.0%	+5.0%	HFRI Fund of Funds Composite
Total Global Equity	-7.0%	50.0%	~~+7.0%~~ +10.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	6.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged
Long Treasuries	-5.0%	7.0%	+5.0%	Bloomberg US Treasury: Long Index
Total Fixed Income	-5.0%	13.0%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-bills
Stable Value Hedge Funds	-5.0%	25.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	40.0%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	5.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	2.5%	+5.0%	Bloomberg Commodity TRI
Total Commodities	-5.0%	2.5%	+5.0%	
Public Real Estate	-5.0%	2.5%	+5.0%	MSCI US REIT Gross Total Return Index (RMSG)
Total Real Return	-6.0%	10.0%	+6.0%	
Total All Asset Classes		100.0%	105.0%	

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

POLICY/TARGET RETURN/RISKS(2)	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	2.30%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	4.30%
One Year Downside Volatility	3.80%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) In relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero
(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

THE UNIVERSITY OF TEXAS SYSTEM
LONG TERM FUND
INVESTMENT POLICY STATEMENT

Purpose

The Long Term Fund (the "LTF"), succeeded the Common Trust Fund in February 1995, and was established by the Board of Regents of The University of Texas System (the "Board of Regents") as a pooled fund for the collective investment of private endowments and other long-term funds supporting various programs of The University of Texas System. The LTF provides for greater diversification of investments than would be possible if each account were managed separately.

LTF Organization

The LTF functions like a mutual fund in which each eligible account purchases and redeems LTF units as provided herein. The ownership of LTF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

LTF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of ~~investment~~investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the LTF.

Ultimate fiduciary responsibility for the LTF rests with the Board of Regents. Section 66.08*, Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management

Company ("UTIMCO"), the LTF shall be managed by UTIMCO, which shall a) recommend investment policy for the LTF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with LTF objectives, and c) monitor LTF performance against LTF objectives. UTIMCO shall invest the LTF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

LTF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of LTF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase LTF Units

No account shall be eligible to purchase units of the LTF unless it is under the sole control, with full discretion as to investments, of the Board of Regents.

Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the LTF.

LTF Investment Objectives

The primary investment objective shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund. The LTF's success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

Asset Allocation and Policy

LTF assets shall be allocated among the following investments.

A. Cash ~~and Cash Equivalents~~ - Cash ~~and Cash Equivalents~~ has the same meaning as given to the term "Cash" in the Liquidity Policy.

B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of

Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

~~In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance Cash and Cash Equivalents positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the LTF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.~~

~~Performance Measurement~~

~~The investment performance of the LTF will be measured by the LTF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~

Investment Guidelines

The LTF must be invested at all times in strict compliance with applicable law. Investment guidelines for the ~~U. T. System~~ GEF shall be as stated in the GEF Investment Policy Statement.

LTF Distributions

The LTF shall balance the needs and interests of present beneficiaries with those of the future. LTF spending policy objectives shall be to:

A. provide a predictable, stable stream of distributions over time;

B. ensure that the ~~inflation adjusted~~inflation-adjusted value of distributions is maintained over the long term; and

C. ensure that the ~~inflation adjusted~~inflation-adjusted value of LTF assets after distributions is maintained over the long term.

The goal is for the LTF's average spending rate over time not to exceed the LTF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of LTF distributions and underlying assets.

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code,* as amended, ~~("Act"),~~ subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

The Board of Regents will annually approve a per unit distribution amount.

Distributions from the LTF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

LTF Accounting

The fiscal year of the LTF shall begin on September 1st and end on August 31st. Market value of the LTF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be "other than temporarily impaired" as defined by GAAP shall be written off and reported to UTIMCO's Chief Investment Officer and the UTIMCO Board, when material. The LTF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all LTF net assets and the net asset value per unit of the LTF. Valuation of LTF assets shall be based on the books and records of the custodian for the valuation date. The final determination of LTF net assets for a ~~month end~~month-end close shall normally be completed within eight business days but determination may be longer under certain circumstances.

The fair market value of the LTF's net assets shall include all related receivables and payables of the LTF on the valuation date, and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Performance Measurement

The investment performance of the LTF will be measured by the LTF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Compliance

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

In the event that actual Cash positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance Cash positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interests of the LTF asset values could warrant requesting approval of the UTIMCO Board Chair to waive immediate remedial action

Purchase of LTF Units

Purchase of LTF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the LTF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the LTF as of the most recent quarterly valuation date.

Each account ~~whose monies are~~ invested in the LTF shall own an undivided interest in the LTF in the proportion that the number of units invested therein bears to the total number of all units comprising the LTF.

Redemption of LTF Units

Redemption of LTF units shall be paid in cash as soon as practicable after the quarterly valuation date of the LTF. If the withdrawal is greater than $25 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the withdrawal is for less than $25 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than ~~5~~2.5% of the LTF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the ~~time frame~~timeframe to liquidate illiquid investments and the best interests of all LTF unit holders. Withdrawals from the LTF shall be at the market value price per unit determined for the period of the withdrawal except as follows: withdrawals to correct administrative errors shall be calculated at the per unit value at the time the error occurred. To be considered an administrative error, the contribution shall have been invested in the LTF for a period less than or equal to one year determined from the date of the contribution to the LTF. Transfer of units between endowment unit holders shall not be considered redemption of units subject to this provision.

Investor Responsibility

As a shareholder, the LTF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the LTF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the LTF solely in the interest of LTF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the LTF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2023~~2024.

EXHIBIT A

LTF ASSET ALLOCATION

POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, 2008

	Neutral Allocation	**Range**	**Benchmark Return**
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash ~~and Cash Equivalents~~	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

*3 trading days or less

EXHIBIT B - GENERAL ENDOWMENT FUND
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2023~~ 2024

Asset Class	Min v Target[1]	Target[2][3]	Max v Target[1]	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Total Public Equity	-5.0%	26.4%	+15.0%	
Directional Hedge Funds	-5.0%	6.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity[3]	17.5%	27.5%	37.5%	Blended **Median** Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	59.9%	+15%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index **x-CNY** - Hedged
Long Treasuries	-5.0%	5.1%	+5.0%	Bloomberg US Treasury: Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
Total Fixed Income	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	17.6%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
Total Commodities	-5.0%	0.0%	+5.0%	
Natural Resources[3]	0.0%	3.3%	8.0%	Blended **Median** Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
Infrastructure[3]	0.0%	4.5%	10.0%	**Median** Cambridge Infrastructure
Real Estate[3]	5.0%	9.7%	15.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and **Median** Cambridge Total Real Estate
Total Real Return	-6.0%	17.5%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%	110.0%	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 110% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

POLICY/TARGET RETURN/RISKS[2]	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.

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

Effective Date of Policy: August ~~24~~__, ~~2023~~2024
Date Approved by U. T. System Board of Regents: August ~~24~~__, ~~2023~~2024
Date Approved by UTIMCO Board: June ~~15~~20, ~~2023~~2024
Supersedes: Liquidity Policy effective August ~~25~~24, ~~2022~~2023

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

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

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

Definition of Liquidity Risk:
"Liquidity risk" is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in ~~lower than expected~~lower-than-expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions.

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

- ~~the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved~~ SEC Rule 2a-7 money market ~~fund~~funds rated AAAm by Standard & Poor's or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),

- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAm by Standard & Poor's Corporation or the equivalent by a NRSRO,
- the Custodian's late deposit interest bearing liquid investment fund,
- municipal ~~short term~~short-term securities,
- commercial paper rated in the two highest quality classes by Moody's Investor Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better ~~by Duff & Phelps~~, and
- repurchase agreements and reverse repurchase agreements transacted with: (a) a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent or (b) another entity or agency of the State of Texas.

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

- **Liquid:** Investments that could be converted to Cash within a period of 120 days or less in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of more than 120 days or in a shorter period of time by accepting a discount of more than 10%.

~~The UTIMCO Team will report individual investments within the Endowment Funds and ITF categorized as follows:~~

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

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

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

Liquidity Policy Profile:
The permitted maximum for **illiquid** investments for each of the Endowment Funds is 75% of the total portfolio for the Endowment Funds. ~~Any **illiquid** investment made that would cause illiquidity to exceed 75% requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs.~~ If the S&P 500 declines by 25% or more within a rolling one-year period, the permitted maximum for illiquid investments will temporarily increase to 80%. The permitted maximum will revert to 75% no later than 18 months after the 75% illiquidity threshold was first breached.

The permitted maximum for **illiquid** investments for the ITF is 60% of the total portfolio for the ITF. ~~Any **illiquid** investment that would cause illiquidity to exceed 60% requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs.~~

~~Investment Risk Committee review of new investments above the permitted maximums will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.~~

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

	Beg September 1, 2023
~~Unfunded Commitment as a percent of the highest total Net Asset Value~~ Unfunded Commitment as a percent of the highest total NAV of the Endowment Funds over a trailing 24-month period:	35.0%

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

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

Any illiquid investment or new commitment that would cause illiquidity in either the Endowment Funds or the ITF to exceed the illiquidity thresholds or the Maximum Permitted Amount established by this Policy requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs. In the event that market actions cause illiquidity in either the Endowment Funds or the ITF to exceed the illiquidity thresholds or the Maximum Permitted Amount established by this Policy, the Investment Risk Committee must review and approve the Chief Investment Officer's proposed remedy or strategy for eliminating the exception or deviating from the Liquidity Policy before any such actions are taken. Investment Risk Committee review of new investments above the permitted maximums will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

~~As additional safeguards, maximum illiquidity levels have been established as indicated above to require review and action by the UTIMCO Board or the Investment Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to exceed the permitted maximum illiquidity levels, or in the event market actions caused the actual investment position in illiquid investments to exceed the maximum illiquidity levels.~~ In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the ~~UTIMCO Board or the~~ Investment Risk Committee prior to the change.

Any actual positions outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO ~~Board and the~~ Investment Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. ~~Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Investment Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.~~

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

UTIMCO staff will report individual investments within the Endowment Funds and ITF to U.T. System categorized as follows:

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

- Liquid (Weekly): Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.

- Liquid (Annual): Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

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

Effective Date of Policy: August ~~25~~[•], ~~2022~~2024
Date Approved by U. T. System Board of Regents: August ~~25~~[•], ~~2022~~2024
Date Approved by UTIMCO Board: June ~~10~~[•], ~~2022~~2024
Supersedes: Derivative Investment Policy effective ~~March 1~~August 25, ~~2020~~2022

Purpose:
The purpose of this Derivative Investment Policy (the "Policy") is to set forth the applications, documentation, and limitations for investment in Derivative Investments in the Permanent University Fund ("PUF"), the General Endowment Fund ("GEF"), the Intermediate Term Fund ("ITF"), and the Separately Invested Funds ("SIF"), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds allow for investment in Derivative Investments, provided that they are in compliance with ~~the~~this Policy. This Policy supplements the Investment Policy Statements ~~for the Funds~~.

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

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

This Policy applies to both Exchange Traded Derivatives and Over the Counter ("OTC") Derivatives. This Policy shall not be construed to apply to commingled funds to which UTIMCO does not have full transparency and control of the underlying assets. These commingled investment vehicles are governed by ~~separate~~the terms and conditions of their respective investment ~~policy statements~~management contracts, partnership agreements or corporate documents.

External Managers:
External managers are selected to manage the Funds' assets under an Agency Agreement and/or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in Derivative Investments only if (i) such manager has been approved to use Derivative Investments by UTIMCO and (ii) the Derivative Investments are consistent with the overall investment objectives of the related account and in compliance with this Policy. The use of Derivative Investments by an external manager operating under an Agency Agreement shall be approved by UTIMCO only for external managers that (i) demonstrate ~~investment~~ expertise in their use, (ii) have

appropriate risk management and valuation policies and procedures, (iii) have the legal and investment expertise to limit the downside effects of the proposed derivatives, and (iv) effectively monitor and control their use.

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

Definition of Derivatives:
Derivatives are financial instruments whose value is derived, in whole or part, from the value of one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies)~~. For the purposes of this Policy, derivatives shall include~~, and includes Derivative Investments as defined in Exhibit A. If it is unclear whether a particular financial instrument meets the definition of Derivative Investment, the Managing Director - Risk Management and Chief Compliance Officer, in consultation with the Chief Investment Officer ("CIO") or Deputy Chief Investment Officer ("Deputy CIO"), will determine whether the financial instrument is a Derivative Investment. The CIO or Deputy CIO will report such determinations to the ~~Chairman~~Chair of the Investment Risk Committee.

Permitted Derivative Applications:
~~The primary intent of~~ Derivatives should be ~~to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash Market~~used consistently with the Objective identified in this Policy.

Permitted Derivative Applications are Derivative Investments used:

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

UTIMCO may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent a new Derivative Investment recommended by UTIMCO or for the engagement of an external manager operating under an Agency Agreement that has been approved by UTIMCO is a Permitted Derivative Application but is not of the types set forth on Exhibit B, any Director may require a complete review of the new Derivative Investment prior to implementation. Notwithstanding the foregoing, UTIMCO's CIO or Deputy CIO, the Managing Director - Risk Management, or Chief Compliance Officer may determine that presentation and approval of the proposed Derivative Investment at an Investment Risk Committee meeting is warranted before engaging in the Derivative Investment.

Risk and Investment Policy Controls:
Prior to the implementation of one or more similar Derivative Investments, UTIMCO will model the impact of the derivative on the Funds' projected downside volatility, and exposure to the respective Asset Class to ensure that the Funds remain within the permissible ranges as set forth in the Funds' Investment Policy Statements.

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

Additional Risk Mitigants
Leverage: Leverage is inherent in many Derivative Investments. In Cash Markets, in most cases, the cash outlay is equal to the market exposure acquired. By contrast, Derivative Investments offer the possibility of establishing – for the same cash outlay – substantially larger market exposure. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. ~~Exhibits A of~~ The ~~Fund's~~Funds' Investment Policy Statements provide a limitation on the amount of leverage (including uncollateralized derivative exposure) that can be utilized by the Funds.

Counterparty Risks: Rigorous Counterparty selection criteria shall be required to minimize Counterparty risk for ~~Over the Counter (~~OTC~~)~~ Derivatives. In order to be eligible as a Counterparty to an OTC derivative transaction with the Funds, whether the trade is initiated by UTIMCO, by an external manager under Agency Agreement, or by a Limited Liability Entity where UTIMCO has full transparency and control of the underlying assets, the Counterparty must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's), unless an exception is approved by the Managing Director - Risk Management and by the CIO or Deputy CIO. All OTC derivatives, with the exception of Derivative Investments where ISDA is not available or the market standard (e.g., Bona Fide Spot Foreign Exchange Transactions, participation notes ("P-notes") and low exercise purchase options ("LEPOs~~)~~"), must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In limited circumstances, the August

2012 DF Protocol Agreement, as published on August 13, 2012 (the "August Protocol Agreement") and the 2002 ISDA Master Agreement with a Schedule (an "ISDA March 2013 DF Protocol Master Agreement"), developed in connection with ISDA's Dodd-Frank Documentation Initiative to implement and comply with the regulatory requirements imposed under Title VII of the Dodd–Frank Wall Street Reform and Consumer Protection Act, may be used in place of ~~an~~a fully negotiated ISDA Netting Agreement or on a temporary basis until an ISDA Netting Agreement with the Counterparty has been executed. In the event a Counterparty is downgraded below the minimum credit rating requirement, UTIMCO will take appropriate action to protect the interests of the Funds.

The net market value, net of collateral postings, of all OTC derivatives for any individual Counterparty may not exceed 30bps of the total market value of the Funds.

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

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

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

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

the Derivative Investments in each. The UTIMCO Managing Director - Risk Management will calculate risk attribution for each Derivative Investment.

Derivative Investment Policy Exhibit A
Glossary of Terms

Agency Agreement – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds ~~but does~~. Generally, Agency Agreements take the form of an investment advisory agreement or investment management agreement and grant investment discretion over one or more accounts retained with the Funds' custodian(s) and do not limit the liability of the Funds for actions taken by ~~that agent~~the manager.

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

Bona Fide Spot Foreign Exchange Transaction –An agreement, contract or transaction for the purchase or sale of an amount of foreign currency equal to the price of a foreign security with respect to which (i) the security and related foreign currency transactions are executed contemporaneously in order to effect delivery by the relevant securities settlement deadline and (ii) actual delivery of the foreign security and foreign currency occurs by such deadline (such transaction, a "Securities Conversion Transaction"). For Securities Conversion Transactions, the Commodity Futures Trading Commission (the "CFTC") will consider the relevant foreign exchange spot market settlement deadline to be the same as the securities settlement deadline. A Bona Fide Spot Foreign Exchange Transaction generally settles via actual delivery of the relevant currencies within a few business days; however, settlement may take longer due to differences in international market conditions.

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

Counterparty - The entity with which a Derivative Investment is transacted, and which is not a national or international exchange.

Derivative Investment – A financial instrument whose value is derived, in whole or part, from the value of one or more underlying securities or assets, or index of securities or assets. A Derivative Investment can be either an Exchange Traded Derivative or an Over the Counter ("OTC") Derivative. For the purpose of this Policy, Derivative Investments will include:

- All ~~Over the Counter (~~OTC~~)~~ Derivatives, with the exception of Bona Fide Spot Foreign Exchange Transactions, mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations.

- As for Exchange Traded Derivatives, the definition will only include Futures Contracts, listed Options, and cleared Swaps; in particular, the definition will not include exchange traded funds (“ETFs”) and depositary receipts (“DRs”).

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

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

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

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

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

Long Exposure to an Asset Class – The Net Asset Value of the Asset Class as defined in the Funds’ Investment Policy Statement.

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

Over the Counter (~~"~~"OTC~~"~~") Derivatives - A derivative which results from direct negotiation between two entities, a buyer/seller and a Counterparty. The terms of such derivatives are non-standard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and Forward Contracts, interest rate swaps, and collars.

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

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

Exhibit B
to Derivative Investment Policy ~~Exhibit B~~
Delegated Derivative Investments

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

Delegated Derivative Investments:

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

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

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

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

5. Derivative Investments used to manage or hedge: (a) bond duration ~~or hedge~~; (b) equity exposure to countries, sectors or ~~capitalization factors, or~~ individual stock(s) ~~swaps~~ within the portfolio only if subsequent to the investment the portfolio would not be net short ~~to any one of those~~that element; (c) equity exposure to style factors; or (d) an Asset Class's beta exposure to bring it more in line with the portfolio target. An example of such a hedge is selling Futures Contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.

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

The delegated authority set forth above should not be construed to permit UTIMCO to enter into Derivative Investments that are unhedged and have the potential for unlimited loss.

~~Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.~~
Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.

The University of Texas/Texas A&M Investment Management Company
Delegation of Authority Policy

Effective Date of Policy: June ~~10~~[•], ~~2022~~2024
Date Approved by UTIMCO Board: June ~~10~~[•], ~~2022~~2024
Supersedes: Delegation of Authority Policy effective ~~January 1~~June 10, 2022

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

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

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

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

Authority Delegated to UTIMCO Management:
The primary functions of the UTIMCO Board are to formulate, revise, oversee, implement, and conduct ongoing oversight of the policies it has established for UTIMCO. The duties and responsibilities of the UTIMCO Board are enumerated in the UTIMCO Bylaws, Articles of Incorporation, Committee Charters, Investment Management Services Agreement, and

UTIMCO policies. To execute its responsibilities more efficiently, the UTIMCO Board has delegated the authority to implement UTIMCO policies to UTIMCO Management in two primary areas: (i) Management, Operational, and Financial Authority; and (ii) Investment Authority.

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

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

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

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

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

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

Legal and Compliance: ~~The UTIMCO Board hereby delegates all~~Except as provided in the Investment Management Services Agreement, all legal and compliance operations to UTIMCO Management, while retaining all oversight functions as specified in UTIMCO policies.

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

Public Relations: ~~The UTIMCO Board hereby delegates~~ To the UTIMCO Chief Executive Officer, in conjunction with The University of Texas System ~~Offices of Public Affairs and~~Office of Media Relations and Communications and the University of Texas System Office of Governmental Relations, all decisions regarding public relations matters, except for those matters that are reserved to the UTIMCO Vice ~~Chairman~~Chair for Policy.

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

- *Contracts:* ~~The UTIMCO Board hereby delegates~~ To the UTIMCO Chief Executive Officer the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts~~,~~; partnership, subscription or other investment agreements~~,~~; investment consultant agreements and agreements with independent auditors) for a total obligation of $~~1~~2 million or less during the contract term; provided that, for purposes of this delegation any contract that does not have a fixed term shall be deemed to have a term of one year; provided further, that notice of any such new contracts, leases, or other commercial arrangements of $~~250,000~~500,000 or more shall be reported to the UTIMCO Board at its next regularly scheduled meeting, and annually, all existing contracts, leases, or other commercial arrangements of $~~250,000~~500,000 or more shall be reported to the UTIMCO Board.

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

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

- *Tactical Asset Allocation:* Without limitations of timing, procedures, or vehicles utilized, decisions regarding tactical asset allocation within the ranges established in Investment Policies~~,~~ including rebalancing portfolio weights to Policy Target Weights or actively deviating from Policy Weights as market conditions dictate, are hereby delegated to the UTIMCO Chief Executive Officer, as long as any decisions do not violate established Investment Policies. Short sales of securities (including exchange traded funds, and individual common stocks and bonds) and equity indices or short positions established through Delegated Derivative Investments as defined in the Derivative Investment Policy may also be utilized ~~as a vehicle~~ in tactical asset allocation. Prior to implementation of any short security sale strategy and throughout the duration of the strategy, risk analyses shall be performed to verify the expected risk reducing impact of the proposed strategy and that the strategy does not result in the risk position of the total Funds being outside the policy risk range.

- *Risk Management:* The UTIMCO Board hereby delegates all decisions regarding the design and operation of any risk management system to UTIMCO Management.
- *Allocation of Investment Funds to New Managers and Mandates:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to negotiate and execute agency, partnership, subscription or other agreements and to commit UT System funds as follows:
    - New Fund Investments to a new external manager: 1.0% of Applicable Assets.
    - New Mandates with existing external managers: 1.0% of Applicable Assets.
    - Internal Mandates other than passive exposures: 1.0% of Applicable Assets.
    - New Co-investments to a direct public or private investment alongside an ~~existing~~ external manager: 0.66% of Applicable Assets.
    - The limitations described herein are subject to the Terms Applicable to All Internal and External Managers and to the Maximum Manager Mandates.
    - If the investment or mandate exceeds any of these thresholds, any Director may require a complete review by the UTIMCO Board of the investment prior to the execution of the investment.
- *Increasing Allocations of Investment Funds to Existing Managers and Mandates:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to negotiate and execute agency, partnership, subscription or other agreements and to commit additional UT System funds after the Six-Month Period as follows:
    - Each Subsequent Fund Investment with existing external managers: 1.0% of Applicable Assets.
    - Additions to Internal Mandates other than passive exposures: 1.0% of Applicable Assets.
    - Each Subsequent Co-investment to a direct public or private investment alongside an existing external manager: 0.66% of Applicable Assets.
    - The limitations described herein are subject to the Terms Applicable to All Internal and External Managers and to the Maximum Manager Mandates.
    - If the investment or mandate exceeds any of these thresholds, any Director may require a complete review by the UTIMCO Board of

the investment prior to the execution of the investment.

- *Small Co-investments:* Notwithstanding the ~~above~~foregoing, the UTIMCO Board hereby delegates to each Managing Director of an investment portfolio the authority to negotiate and execute agency, partnership, subscription or other agreements and to commit UT System funds as follows:
  - New Small Co-investment to a direct public or private investment alongside an existing manager: 0.10% of Applicable Assets.
  - Each Subsequent Co-investment to a direct public or private investment alongside an existing manager after the Six-Month Period: 0.10% of Applicable Assets.
  - Prior to committing to such a Co-investment, the Managing Director will present the Co-investment to the internal Co-investment Committee for approval. All Co-investments made pursuant to this section must be reported to the Internal Investment Committee at a regular meeting.
- *Terms Applicable to All Internal and External Managers:*
  - Any Director may require a complete review by the UTIMCO Board of an investment prior to the execution of the investment if, as a result of the investment:
    - ~~Total Assets~~UTIMCO Exposure managed by the external manager would exceed 50% of the total assets managed by the manager in that investment strategy;
    - ~~Total Assets~~UTIMCO Exposure managed by the internal or external manager would exceed 3.0% of Applicable Assets in any one of the Global Equity, Stable Value, or Real Return portfolios (6.0% for managers limited to Fixed Income mandates); or
    - ~~Total Assets~~UTIMCO Exposure managed by the internal or external manager would exceed 6.0% of Applicable Assets in the aggregate for all public and private investments (the "Maximum Manager Mandate"). For purposes of ~~this provision, if Total Assets~~the Maximum Manager Mandate, if UTIMCO Exposure managed by the internal or external manager includes an allocation to private investments and public investments, Applicable Assets will include the total combined NAV of the Endowments plus the ITF.
  - If any UTIMCO Director requires a complete review of the investment prior to the execution of the investment, the UTIMCO Director will submit a written request to the UTIMCO Chief Executive Officer, and the UTIMCO Chief Executive Officer shall make a presentation to highlight the attributes and risks of the proposed investment at the next UTIMCO Board meeting.

follows:

Subsequent to hearing the presentation, the UTIMCO Board shall vote ~~on~~ whether ~~or not~~ to approve such investment.

- "Applicable Assets" is defined as follows:
  - For public investments: Total combined NAV of the Endowments and ITF determined as of the most recent quarter-end close of books; and
  - For private investments: Total combined NAV of the Endowments determined as of the most recent quarter-end close of books.
- "Fund Investments" is defined as any allocation of UT System funds to an external manager.
- "Six-Month Period" is defined as follows:
  - Six months following the closing of the investment for New ~~Funds~~Fund Investments to a new external manager, New Mandates with existing external managers, and New Co-investments and New Small Co-investments to a direct public or private investment alongside an existing external manager.
  - Six months after the commencement of the funding of the Internal Mandate.
- "~~Total Assets~~UTIMCO Exposure" is defined as UTIMCO NAV and unfunded commitments~~ managed by UTIMCO~~.
- Passive exposure, either by an individual internal or external manager, is limited only as required to maintain the Policy Portfolio within the Asset Class ranges.
- The UTIMCO Chief Executive Officer will periodically report to the UTIMCO Board regarding all decisions made under this delegated authority.

- *Manager Monitoring and Termination:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding monitoring and termination of existing internal or external investment managers.
- *Maximum Manager Mandates:* ~~Notwithstanding, on~~The Maximum Manager Mandate shall be tested on at least a quarterly basis~~, manager mandates~~. Any exposures (excluding passive ~~exposure) shall be aggregated across all Funds, Asset Classes and any mandate resulting in six percent (6%) or more exposure relative to the total Funds (excluding the ITF for Private Equity)~~exposures) or new investments causing the Maximum Manager Mandate to be exceeded will be reported to the Investment Risk Committee at its next meeting. The UTIMCO Chief Executive Officer ~~will be required to~~shall make a presentation and prepare a recommendation to the Investment Risk Committee regarding an appropriate course of action~~ for any manager mandate resulting in six percent (6%) or more exposure relative to the total Funds (excluding the ITF for the Private Equity)~~. Such presentation and recommendation will include information regarding the manager mandate,

including original amount of investment, historical performance, market and economic outlook, and appropriate sizing, with timelines for completion of any recommended action. After discussion and review by the Investment Risk Committee, the Investment Risk Committee
may approve the recommendation of the UTIMCO Chief Executive Officer, determine a different appropriate level of exposure or request additional information to be presented at a subsequent meeting before action may be taken by the UTIMCO Chief Executive Officer. The UTIMCO Chief Executive Officer will be responsible for implementing any Investment Risk Committee approved action.

- *Investment in Derivative Investments:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer, the Deputy CIO, the Managing Director – Risk Management, the Senior Managing Director – Public Equity and the Senior Managing Director – Hedge Funds the authority to enter into the Derivative Investments of the types set forth in Exhibit B of the Derivative Investment Policy and as authorized by the Funds' Investment Policy Statements, provided that the Managing Director – Risk Management, the Senior Managing Director – Public Equity and the Senior Managing Director – Hedge Funds may not enter into any Derivative Investment he or she has recommended. Any Director may require a complete review of ~~any new~~ certain Derivative ~~Investment recommended by UTIMCO employees or for the engagement of an external manager operating under an Agency Agreement that has been approved by UTIMCO's Chief Investment Officer if the new Derivative Investment is not of the types authorized in Exhibit B of~~Investments as provided in the Derivative Investment Policy.
- *Use of Prime Brokers:* A prime broker is a large financial institution that provides cash management services, custodial services, securities lending and borrowing, and facilitates short sales and the purchase of securities on margin. The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to use one or more prime brokers for such purposes within applicable limitations provided by UTIMCO's investment policies. The selection of prime brokers is subject to any applicable approvals of Custodians as defined by the Investment Management Services Agreement.
- *Internal Investment Management*: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions associated with the direct management of assets by UTIMCO employees subject to the same limitations applicable to Co-investments to a direct public or private investment, excepting Fixed Income Investments.
- *Management of the UTIMCO Board's External Investment Consultant(s):* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO Board's external investment consultant(s), provided that the UTIMCO Board's external investment consultant(s) shall continue to have primary reporting responsibility to the UTIMCO Board.

- All investment authority delegated to the Chief Executive Officer under this section shall also be delegated to the Chief Investment Officer.

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

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item: Report from Investment Risk Committee

Developed By: de Onís, Moeller

Presented By: Longoria

Type of Item: Information item

Description: The Investment Risk Committee ("Committee") met jointly with the Policy Committee and separately on June 11, 2024. The Committee's agenda for the joint meeting included a discussion and appropriate action related to proposed amendments to the Investment Policy Statements, Liquidity Policy, Derivative Investment Policy, and Delegation of Authority Policy. Its separate meeting included (1) discussion and appropriate action related to the approval of minutes of its March 12, 2024, meeting; (2) review and discussion of compliance reporting; and (3) a market and portfolio risk update.

Discussion The Committee had a joint meeting with the Policy Committee to discuss UTIMCO's recommended amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund and Intermediate Term Fund. The Committee also discussed UTIMCO's recommended amendments to the Liquidity Policy, Derivative Investment Policy, and Delegation of Authority Policy. The discussion of the investment policies is covered in the Report from the Policy Committee in Tab 7.

At its separate meeting, Ms. de Onís reviewed the quarterly compliance reporting with the Committee and Dr. Jones presented an update on the market and portfolio risk.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item: Report from Audit and Ethics Committee: Discussion and Appropriate Action Related to Engaging Corporate External Auditor

Developed By: Moeller, de Onís

Presented By: Jiles

Type of Item: Action required by UTIMCO Board related to Engaging Corporate External Auditor

Description: The Audit and Ethics Committee (the "Committee") met on June 11, 2024. The Committee's agenda included (1) approval of Committee minutes; (2) discussion and appropriate action related to engaging corporate external auditor; (3) an update on UTIMCO's compliance, reporting, and audit matters; (4) a presentation of unaudited financial statements for the Investment Funds and the Corporation; and (5) discussion and appropriate action related to the base salary for the General Counsel and Chief Compliance Officer for the 2024-2025 Fiscal Year. The Committee also met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters, and to receive an update on computer security assessments and audits related to information resources technology.

Discussion: The Committee will report on its action related to the hiring of Deloitte & Touche LLP as the corporate auditor and request that the Board take appropriate action related to hiring Deloitte & Touche LLP as the corporate auditor. If approved by the Board, FY 2024 will be the 18th year that Deloitte serves as the Corporation's independent auditor. The fees for UTIMCO's FY 2024 audit services are expected to be $50,400 plus out of pocket costs, which is a $2,400 increase over the FY2023 fee.

The Committee reviewed the unaudited financial statements for the Funds and UTIMCO Corporation and the quarterly compliance reports. In addition to the routine update on compliance, reporting, and audit issues, Ms. de Onís reported on the annual disclosure statements filed by outside financial advisors and service providers that were filed with the State Auditor's Office on April 15th and the annual report on Director Private Investments. The Master Investment Management Services Agreement between UTIMCO and the Board of Regents of The University of Texas System ("UT Board) requires UTIMCO to maintain a log of (1) all agreements or transactions between UTIMCO or a "UTIMCO entity" and a "Director entity" or an "Employee entity", and (2) all investments in the private investments of a business entity in which a "Director" or "Employee" then owns a private investment, or is then co-investing, in the same business entity that must be reviewed annually by the UTIMCO Board of Directors and reported to the UT Board.

In accordance with the Delegation of Authority Policy, UTIMCO reports any new contracts, leases, or other commercial arrangements of $250,000 or more to the

UTIMCO Board at its next regularly scheduled meeting, and annually, all existing contracts, leases, or other commercial arrangements of $250,000 or more. The report is included in this section.

Recommendation: Director Jiles will request the UTIMCO Board take appropriate action to engage Deloitte & Touche LLP as the corporate external auditor for the fiscal year ending August 31, 2024.

Reference: Deloitte & Touche LLP Engagement Letter
Director Private Investment Log FY 24
Contracts Report

RESOLUTION RELATED TO INDEPENDENT AUDITOR FOR THE CORPORATION

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2024.

Deloitte & Touche LLP
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Austin, TX 78701
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www.deloitte.com

May 30, 2024

Ms. Joan Moeller
Senior Managing Director
The University of Texas/Texas A&M Investment Management Company
210 West 7th Street, Suite 1700
Austin, TX 78701

Dear Ms. Moeller:

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

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

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

Audit of Financial Statements

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards"). The objective of an audit conducted in accordance with generally accepted auditing standards is to express an opinion on whether the Company's financial statements for the year ending August 31, 2024 (the "financial statements"), are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles").

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

D&T Reports

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

Management's Responsibilities

Appendix B describes management's responsibilities.

Communications with the Audit and Ethics Committee

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

Fees

We estimate that our fees for this engagement will be $50,400, plus expenses. Based on the anticipated timing of the work, our fees will be billed approximately as follows:

Invoice Date	Amount
October 2024	$30,000
December 2024	$20,400

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

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

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

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

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

* * * * *

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

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

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

Yours truly,

Deloitte & Touche LLP

Accepted and agreed to by The University of Texas/Texas A&M Investment Management Company:

By: ______________________________________

Title: ______________________________________

Date: ______________________________________

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

APPENDIX A

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

This Appendix A is part of the engagement letter dated May 30, 2024, between Deloitte & Touche LLP and The University of Texas/Texas A&M Investment Management Company.

Auditor's Responsibilities

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit and Ethics Committee are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Audit and Ethics Committee of their responsibilities.

Scope of an Audit

Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

An audit performed in accordance with generally accepted auditing standards, includes the following:

- Exercising professional judgment and maintaining professional skepticism throughout the audit.

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, and designing and performing audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding amounts and disclosures in the financial statements.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion will be expressed.

- Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

- Concluding whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with generally accepted auditing standards. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether due to fraud or error, that are not material to the financial statements as a whole are detected.

APPENDIX B

MANAGEMENT'S RESPONSIBILITIES

This Appendix B is part of the engagement letter dated May 30, 2024, between Deloitte & Touche LLP and The University of Texas/Texas A&M Investment Management Company.

Financial Statements

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

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

Management's Representations

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

Independence

For purposes of the subsections within this section entitled "Independence," "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu Limited, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu Limited and its member firms; and, in all cases, any successor or assignee.

Independence Matters

In connection with our engagement, D&T, management, and the Audit and Ethics Committee will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. D&T will communicate to its partners, principals, and employees that the Company is an attest client. Management of the Company will ensure that the Company, together with its subsidiaries and other entities that comprise the Company for purposes of the consolidated financial statements, has policies and procedures in place for the purpose of ensuring that neither the Company nor any such subsidiary or other entity will act to engage D&T or accept from D&T any service that under American Institute of Certified Public Accountants (AICPA) or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. Wagner.

In connection with the foregoing paragraph, the Company agrees to furnish to D&T and keep D&T updated with respect to a corporate tree that identifies the legal names of the Company's affiliates, as defined in AICPA *Code of Professional Conduct* (e.g., parents, subsidiaries, investors, or investees) ("Company Affiliates"), together with the ownership relationship among such entities. Such information will be maintained in a database accessible by D&T in connection with their compliance with AICPA or other applicable independence rules.

Management will coordinate with D&T to ensure that D&T's independence is not impaired by hiring former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA *Code of Professional Conduct*. Management of the Company will ensure that the Company, together with its subsidiaries and other entities that comprise the Company for purposes of the consolidated financial statements, also has policies and procedures in place for purposes of ensuring that D&T's independence will not be impaired by hiring a former or current D&T partner, principal, or professional employee in a key position that would cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the Company for a former or current D&T partner, principal, or professional employee should be discussed with Mr. Wagner before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

APPENDIX C

COMMUNICATIONS WITH THE AUDIT AND ETHICS COMMITTEE

This Appendix C is part of the engagement letter dated May 30, 2024, between Deloitte & Touche LLP and The University of Texas/Texas A&M Investment Management Company.

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

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

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

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

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

Texas State Auditor's Office

D&T agrees that the Texas State Auditor's Office or any authorized regulatory representative of the State of Texas (the "State") shall at any time have access to and the rights to examine and audit any pertinent books, documents, working papers, and records of D&T relating to this engagement letter, and to excerpt and transcribe any pertinent books, documents, working papers, and records of D&T.

If photocopies of pertinent books, documents, working papers, and records of D&T are requested, D&T will send a letter to the Texas State Auditor's Office or regulatory representative of the State similar (but not identical) in form to that in the American Institute of Certified Public Accountants AU-C Section 9230, and such letter will be acknowledged by the Texas State Auditor's Office or regulatory representative of the State prior to the provision of any photocopies by D&T. Any photocopies of pertinent books, documents, working papers, and records of D&T will be identified as "confidential treatment requested by Deloitte & Touche LLP."

D& T understands that the Texas State Auditor's Office may opt to rely on the work of D&T to support the Texas State Auditor's Office's opinion on the Comprehensive Annual Financial Report for the State of Texas, and D&T agrees to cooperate with the Texas State Auditor's Office in a joint effort to comply with American Institute of Certified Public Accountants standard AU-C 600, Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors). D&T acknowledges that the Texas State Auditor's Office has informed it that it is serving in the capacity of the group engagement auditor. As a component auditor, information D&T agrees to provide to the Texas State Auditor's Office includes information necessary to facilitate determinations regarding D&T's understanding and compliance with ethical requirements and professional competence.

APPENDIX D

GENERAL BUSINESS TERMS

This Appendix D is part of the engagement letter to which these terms are attached (the engagement letter, including its appendices, the "engagement letter") dated May 30, 2024, between Deloitte & Touche LLP and The University of Texas/Texas A&M Investment Management Company.

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

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

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

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

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

6. Confidentiality. To the extent that, in connection with this engagement, D&T comes into possession of any confidential information of the Company, D&T shall not disclose such information to any third party without the Company's consent, using at least the same degree of care as it employs in maintaining in confidence its own confidential information of a similar nature, but in no event less than a reasonable degree of care. The Company hereby consents to D&T disclosing such information (1) as may be required by law or regulation, or to respond to governmental inquiries, or in accordance with applicable professional standards or rules, or in connection with litigation or arbitration pertaining hereto; (2) to the extent such information (i) is or becomes publicly available other than as the result of a disclosure in breach hereof, (ii) becomes available to D&T on a nonconfidential basis from a source that D&T believes is not prohibited from disclosing such information to D&T, (iii) is already known by D&T without any obligation of confidentiality with respect thereto, or (iv) is developed by D&T independently of any disclosures made to D&T hereunder; or (3) to contractors providing administrative, infrastructure, and other support services to D&T, subcontractors providing services in

connection with this engagement and Deloitte Entities and their contractors to develop and enhance tools and services of Deloitte Entities, in each case, whether located within or outside of the United States, provided they have agreed to be bound by confidentiality obligations similar to those in this paragraph. Deloitte Entities may also use or disclose any information to provide services or client offerings to current or prospective clients provided that information is not used or disclosed in a way that would permit the Company to be identified by third parties, without the Company's consent. "Deloitte Entities" shall mean any member firm of Deloitte Touche Tohmatsu Limited and its affiliates bound by confidentiality terms similar to the paragraph above.

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

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

APPENDIX E

DISPUTE RESOLUTION PROVISION

This Appendix E is part of the engagement letter dated May 30, 2024, between Deloitte & Touche LLP and The University of Texas/Texas A&M Investment Management Company.

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

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

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

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

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

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

Contracts Report

New Contracts, Leases, and Other Commercial Arrangements

(Total Obligation per Agreement greater than $250,000)

February 21, 2024 through May 29, 2024

Agreement	Purpose	Contract Term	Annual Amount
Fitch Solutions - Credit Rating Data	Licenses for Mellon data feeds - Credit Rating Data (Enhanced) All Sectors. Total three year contract is $264,100.	3/1/2024-2/28/2025	$83,000

Director Private Investment Log Report

Director Private Investment Log

As of June 11, 2024

Director	Fund Name	Interest	Owned Prior to Board Appointment
Mr. Rothrock	Underscore VC (fka Assemblies, VC)	Less than a pecuniary interest	Yes

- Required under IMSA Section 3(h)(x)

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item: Report from Cyber Risk Committee

Developed By: Moeller

Presented By: Rothrock

Type of Item: Information Item

Description: The Cyber Risk Committee (the "Committee") met on June 11, 2024. The Committee's agenda included discussion and appropriate action related to the approval of the minutes of March 12, 2024 meeting. The Committee also met in Executive Session to receive an update on computer security assessments related to information resources technology.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item: Report from Compensation Committee: Discussion and Appropriate Action Related to the: (1) CEO's Base Salary for 2024-2025 Fiscal Year; (2) CEO's Qualitative Performance Standards for the UTIMCO Compensation Program for the Performance Period ending June 30, 2025; and (3) Amendment and Restatement of the UTIMCO Compensation Program, effective July 1, 2024

Developed By: Hall, Moeller, de Onís

Presented By: Nixon, Hall

Type of Item: Action item; Action required by UTIMCO Board

Description: The Compensation Committee (the Committee) met on May 14, 2024 and June 11, 2024 and will meet on June 18, 2024. The Committee's agenda at its May 14, 2024 consisted of approving its minutes of its March 12, 2024 meeting. The Committee's agenda at its June 11, 2024 meeting included the following (1) approval of minutes of its May 14, 2024 meeting; (2) discussion and appropriate action related to base salaries for the UTIMCO officers and other UTIMCO Compensation Program (Plan) Participants for 2024-2025 Fiscal Year; (3) discussion and appropriate action related to the CEO's Qualitative Performance Standards for the Plan for the Performance Period ending June 30, 2025; and (4) discussion and appropriate action related to the amendment and restatement of the UTIMCO Compensation Program, effective July 1, 2024. The Committee also met in Executive Session at both meetings for the purpose of deliberating individual personnel compensation matters. The Committee deferred action at its June 11, 2024 related to the amendment and restatement of the UTIMCO Compensation Program, effective July 1, 2024.

The Committee's agenda for the June 18, 2024 meeting will consist of (1) approval of the minutes of its June 11, 2024 meeting; and (2) discussion and appropriate action related to the amendment and restatement of the UTIMCO Compensation Program, effective July 1, 2024.

Discussion: ***(1) Base Salaries.*** The Committee will report on its action related to the base salaries for all UTIMCO officers and Plan Participants (other than the CEO) for the 2024-2025 Fiscal Year. The Committee will report on its recommendation and request that the Board take appropriate action related to the CEO's base salary.

(2) CEO Qualitative Performance Standards. Section 5.4(b) of the Plan states that the CEO's Qualitative Performance Standards will be determined and approved by the Board. The Committee presents and recommends the approval of the CEO's Qualitative Performance Standards to the UTIMCO Board. The two categories of

Performance Standards are Quantitative Performance and Qualitative Performance.

(3) Plan. The Plan consists of two elements: base salary and an annual performance plan. The UTIMCO Board has the discretion to interpret, adopt such rules and regulations it deems necessary to carry out the Plan, and amend the Plan. Mr. Hall will review the recommended changes to the Plan. The proposed changes are as follows:

- Section 1 has been changed to reflect a new effective date of July 1, 2024.

- Section 5.3(c) has been clarified to reflect that a Participant ceases to be a participant in the Plan immediately following the employee's last day of employment.

- Section 5.8(a)(1)b has been revised to provide for new methodology for calculating the Entity Performance of the Total Endowment Assets ("TEA") and the Intermediate Term Fund ("ITF"). The new methodology is measured by calculating the Asset Class Performance and weighing such calculated performance by the asset class's average Net Asset Value ("NAV") in proportion to the total average NAV of each of the TEA and the ITF. The weighted contribution of each asset class's performance is assigned a percentage and is summed to determine the level of award.

- Section 5.8(a)(1)c has been revised to provide a calculation methodology for calculating a subset of an asset class.

- Section 5.8(a)(2)c has been revised to provide that the Peer Group component will be measured based on one-year and three-year historical performance, measured independently and each accounting for 50% of the Peer Group performance award.

- Section 5.9(a) has been revised to provide for a two-year rolling "phase-in" for Entity Performance for the TEA and the ITF when calculating three-year historical performance. For the performance year ending 2025, two prior years' Entity Performance for the TEA and the ITF (2024 and 2023) will remain as calculated under the then-existing Performance Plan and combined proportionately (2/3 to 1/3) with calculations for Entity Performance for the TEA and the ITF from the new Performance Plan. Similarly, for the performance year ending 2026, one prior year's Entity Performance for the TEA and the ITF (2024) will remain as calculated under the then-existing Performance Plan and combined proportionately (1/3 to

2/3) with calculations for Entity Performance for the TEA and the ITF from the new Performance Plan.

- Section 5.9(b) has been revised to provide for a two-year rolling "phase-in" for Asset Class Performance when calculating three-year historical performance. For the performance year ending 2025, two prior years' Asset Class Performance (2024 and 2023) will remain as calculated under the then-existing Performance Plan's applicable benchmarks, performance standards and other provisions and combined proportionately (2/3 to 1/3) with calculations for Asset Class Performance from the new Performance Plan. Similarly, for the performance year ending 2026, one prior year's Asset Class Performance (2024) will remain as calculated under the then-existing Performance Plan's applicable benchmarks, performance standards and other provisions and combined proportionately (1/3 to 2/3) with calculations for Asset Class Performance from the new Performance Plan.

- Section 5.9(e) has been revised to provide that Plan Participants who become eligible for Asset Class Performance Awards will inherit the historical three-year performance cycle of that asset class, or subset of that asset class, rather than be "phased in" to the asset class performance cycle over a 36-month period. Likewise, Plan Participants who are removed from responsibility for an asset class, or a subset of an asset class, will have no portion of the historical three-year performance cycle applied to their asset class performance award after responsibility for that asset class, or a subset of that asset class, has been removed.

- Section 7.1 has been revised to provide that the Board has the authority to provide an increase in performance awards up to 5% of the maximum Award Opportunity rather than 5% of the earned performance awards.

- Section 7.9(a) has been revised to reflect that the Compensation Program supersedes prior versions of the plan, expect as provided in Sections 5.8 and 5.9.

- In Sections 8.17 and 8.34, the definitions of ITF Policy Portfolio Return and TEA Policy Portfolio Return have been omitted as no longer applicable given the changes to Section 5.8(a).

- In Section 8.18, a new definition of NAV has been added.

- Appendix A will be updated based on Table 1 adjustments for the Eligible Position of Managing Director Investments and to reflect approved Plan design changes. Revisions have not been made in the enclosed proposed UTIMCO Compensation Program.

- Table 1 has been changed as follows:

  - (1) increased the Qualitative Weightings and decreased the Quantitative Weightings for several Eligible Positions;
  - (2) changed the Award Opportunities for several Eligible Positions;
  - (3) removed the Eligible Positions for TAA and included those with the Risk Eligible Positions;
  - (4) removed Managing Director-Fixed Income and included that position with the Managing Director – Investments;
  - (5) removed Corporate Counsel & Chief Investment Officer;
  - (6) added one additional Eligible Positions of Chief Human Resources Officer; and
  - (7) removed Eligible Positions of Senior Investment Counsel, Senior Director – Compliance, Director- Compliance, and Director-Security, Information Services to have one Eligible Position for Senior Director and one Eligible Position for Director in the Support and Control Professionals.

- Table 2 has been changed as follows:

  - (1) removed Maximum Performance Standard for the Entity: Benchmark Total Endowment Funds (TEA)
  - (2) removed Maximum Performance Standard for the Entity: Benchmark Intermediate Term Funds (ITF)
  - (3) changed and/or added the threshold and maximum Performance Standards for several Asset Classes; and
  - (4) added footnote to document that any Asset Class not included in Table 2 would have a Maximum Performance Standard of 0 bps.

- Table 3 has been changed to align the Eligible Positions with Table 1 as follows:
  - (1) added additional Eligible Position Chief Human Resources Officer
  - (2) removed Corporate Counsel and Chief Compliance Officer;
  - (3) removed Senior Investment Counsel; and
  - (4) removed “pending” from Eligible Position of General Counsel and Chief Compliance Officer.

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Recommendation: The Committee will recommend the Board (1) approve the CEO's Base Salary for the 2024-2025 Fiscal Year; (2) approve the CEO's Qualitative Performance Standards for the Plan for the Performance Period ending June 30, 2025; and (3) approve the proposed changes to the UTIMCO Compensation Program, Amended and Restated effective July 1, 2024.

Reference: *FY2025 Compensation Plan Review* presentation
UTIMCO Compensation Program, Amended and Restated Effective July 1, 2024
Table 1 to be presented in Executive Session pursuant to Texas Government Code Section 551.074

RESOLUTION REGARDING CEO'S BASE SALARY

RESOLVED, that the Board of Directors of UTIMCO hereby approves the Base Salary of the Corporation's CEO, effective September 1, 2024.

RESOLUTION RELATED TO THE CEO'S QUALITATIVE PERFORMANCE STANDARDS FOR PERFORMANCE PERIOD ENDING JUNE 30, 2025

WHEREAS, Section 5.4(b) of the UTIMCO Compensation Program (the "Plan") provides that the Board will determine the Performance Standards of the CEO for each Performance Period; and

WHEREAS, the Board has reviewed the CEO's Qualitative Performance Standards for the Performance Period ending June 30, 2025, as prepared by the CEO, and recommended by the Compensation Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Standards for the CEO for the Performance Period ending June 30, 2025, as set forth in the document presented to the Board.

RESOLUTION RELATED TO AMENDMENTS TO THE UTIMCO COMPENSATION PROGRAM

WHEREAS, Section 7.2 of the UTIMCO Compensation Program (the "Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Compensation Committee of the Board (the "Committee") has reviewed the proposed amendments to the Plan incorporated into an Amended and Restated Plan, effective July 1, 2024 (the "Amended and Restated Plan"), in the form previously provided to the Board but deferred to the Board on action on the Amended and Restated Plan; and

WHEREAS, the Board has reviewed the Amended and Restated Plan.

NOW, THEREFORE, be it:

RESOLVED, that the Board hereby approves and adopts the Amended and Restated Plan, effective as of July 1, 2024, subject to the approval of the Board of Regents of The University of Texas System.

Board of Directors Meeting

FY2025 Compensation Plan Review

Richard Hall, CEO and CIO

June 18, 2024

Executive Summary

Goals and Overview

Goals

- Ensure UTIMCO can attract and retain top talent with a Compensation Plan designed to
  - Align with those we serve
  - Be competitive with the market
  - Achieve outcomes expressed in UTIMCO Compensation Philosophy

Comprehensive Review Conducted

- Last review was performed 6 years ago
  - Material improvements in UTIMCO performance and team
  - Heightened competition for talent

- Compensation Consultant reviewed program design, performance standards, compensation for individual positions and other items

- Summary findings by Compensation Consultant:
  - Compensation Plan is generally aligned with market and working as designed
  - Recommended adjustments to program component weights, award opportunities and performance standards

Summary of Changes

Compensation Plan Design

- **Eligibility upon Termination**
  - Clarify that a Participant ceases to be a Participant in the Plan the day immediately following the last day of such employee's employment with UTIMCO
    - For example, if a person's last day is June 30, they are not in the Plan as of July 1

- **Entity Performance for TEA and ITF**
  - Section 5.8(a)
    - Revise TEA and ITF Entity Performance calculation methodology based on proportionate weighted contribution of each asset class's performance relative to standards in Table 2, measured as a percentage of the standard achieved

  - Section 5.9(a) and (b)
    - Provides a "phase-in" of TEA and ITF Entity, and Asset Class Performance calculations
    - Phase-in prevents any restatement of performance from prior years that are included in the rolling three-year performance period
    - For 2025, two prior years' Performance (2024 and 2023) will remain as calculated under the old performance plan and combined proportionately (2/3 to 1/3) with calculations for Performance from the new performance plan
    - For 2026, one prior year's Performance (2024) will remain as calculated under the old performance plan and combined proportionately (1/3 to 2/3) with calculations for Performance from the new performance plan

Summary of Changes

Compensation Plan Design, continued

- **Asset Class Simplifications and Alignment**
  - Revise Section 5.8(a)(1)(c)
    - Calculation methodology for calculating a subset of an asset class
  - Revise Section 5.9(e)
    - Participants will be "all in" or "all out" for asset class performance awards, including a subset of an asset class, versus current "phase-in" 36-month approach

- **Peer Group Performance**
  - Revise Section 5.8(a)(2)
    - Establishes 1- and 3-year performance period, measured independently and each accounting for 50% of the award

- **5% Discretionary Pool**
  - Revise Section 7.1
    - Board has the authority to approve an increase in performance awards up to 5% of the maximum Award Opportunity versus current 5% of the actual earned award

Summary of Changes

Definitions, Appendix A and Tables

- **Definitions**
  - Omit definitions of TEA Policy Portfolio Return (Section 8.17) and ITF Policy Portfolio Return (Section 8.34) as no longer applicable given new Entity Performance methodology in proposed Section 5.8
  - Add new NAV definition for new Entity Performance methodology in proposed Section 5.8
- **Appendix A**
  - Revise example calculations to reflect approved Plan design changes (forthcoming pending approval)
- **Table 1**
  - Consolidate eligible positions
  - Small increase to qualitative versus quantitative weightings for certain positions
  - Increase maximum potential award opportunities for certain positions to align with market
- **Table 2**
  - Revise Performance Standards for applicable asset classes
  - Add footnote 2 to reflect that Asset Classes not listed in Table 2 will be proportionately counted in Entity Performance and have maximum Performance Standards of 0 bps
- **Table 3**
  - Revise eligible positions consistent with Table 1
  - Remove certain outdated positions

UTIMCO
COMPENSATION PROGRAM

Amended and Restated
Effective July 1, ~~2020~~2024

TABLE OF CONTENTS

1. COMPENSATION PROGRAM STRUCTURE AND EFFECTIVE DATE

The UTIMCO Compensation Program ("Compensation Program" or "Plan") consists of two elements**:** base salary and an annual performance plan (the "Performance Plan"):

Base Salary + Performance = Total Compensation

The base salary portion of the Compensation Program sets forth a structure and guidelines for establishing and adjusting the salaries of key investment and operations employees. The Performance Plan portion of the Compensation Program sets forth the criteria for calculating and receiving annual performance awards for key investment and operations employees who are eligible Participants in the Performance Plan. Provisions of the Compensation Program relating solely to the base salary portion of the Compensation Program are described in Section 4. Provisions of the Compensation Program relating solely to the Performance Plan portion of the Compensation Program are described in Section 5. Sections 1, 2, 3, 6, 7, and 8 of the Compensation Program relate to both the base salary portion and the Performance Plan portion except where otherwise specified in any such Section.

Effective Date: Except as provided in Section 7.9, this document, with an "Effective Date" of July 1, ~~2020~~2024, supersedes the UTIMCO Compensation Program that was effective July 1, ~~2018~~2020.

2. COMPENSATION PROGRAM OBJECTIVES

UTIMCO's Compensation Program serves a number of objectives:

- To attract and retain key investment and operations employees of outstanding competence and ability.
- To encourage key investment employees to develop a strong commitment to the performance of the assets for which UTIMCO has been delegated investment responsibility.
- To motivate key investment employees to focus on maximizing real, long-term returns for all funds managed by UTIMCO while assuming appropriate levels of risk.
- To facilitate teamwork so that members of UTIMCO operate as a cohesive group.

3. TOTAL COMPENSATION PROGRAM PHILOSOPHY[1]

UTIMCO aspires to attract and retain high caliber employees from nationally recognized peer institutions and the investment management community in general. UTIMCO strives to provide a total compensation program that is competitive nationally, with the elements of compensation evaluated relative to comparably sized university endowments, foundations, and for-profit investment management firms with a similar investment philosophy (e.g., externally managed funds).

UTIMCO's total Compensation Program is positioned against the competitive market as follows:

- Base salaries are targeted at the market median (e.g., 50th percentile).
- Target total compensation (salary plus target Award Opportunity) is positioned at the market median.
- Maximum total compensation (salary plus maximum Award Opportunity) is targeted at the market 75th percentile if individual performance is outstanding.

Although base salaries, as well as target and maximum total compensation, have a targeted positioning relative to market, an individual employee's actual total compensation may vary from the targeted positioning based on the individual's experience, education, knowledge, skills, and performance as well as UTIMCO's investment performance as described in this document. Except as provided in Sections 5.8 and 5.9 for purposes of determining the length of historical performance, base salaries and Award Opportunities (as well as the actual Performance Awards) are not determined based on seniority at UTIMCO.

4. BASE SALARY ADMINISTRATION

4.1. Salary Structure

(a) Base salaries are administered through a Salary Structure as set forth in this Section 4.1. Each employment position has its own salary range, with the midpoint set approximately equal to the market median base salary for employment positions with similar job content and level of responsibility.

(b) The salary range midpoints will be determined by the Compensation Committee based on consultation with an outside compensation consultant and with UTIMCO management. Salary range midpoints for key management, investment, and operations positions will be updated at least every three years based on a salary benchmarking study conducted by a qualified compensation consultant selected by the Compensation Committee. In years in which the Compensation Committee does not commission a formal salary survey, the

[1] This explanation of UTIMCO's "Total Compensation Program Philosophy" is not intended to modify any of the substantive provisions of this document.

base salary midpoints may be adjusted at the Compensation Committee's discretion based on expected annual salary structure adjustments as reported in one or more published compensation planning surveys.

4.2. Salary Adjustments

(a) The base salary of the CEO is determined by the Board. The base salary of the Chief Compliance Officer ("CCO") will be determined by the Compensation Committee based on the joint recommendation of the Audit and Ethics Committee and the CEO and the base salaries of the other key investment and operations employees are determined by the Compensation Committee**.** Base salaries will be set within the salary range for each employment position. An individual's base salary within the range may be higher or lower than the salary range midpoint based on his or her level of experience, education, knowledge, skills, and performance. On an exception basis, the Board may set individual base salaries outside of the salary range if an individual either substantially exceeds or does not meet all of the market criteria for a particular position.

(b) Individuals may receive an annual adjustment (increase or decrease) of their base salaries at the discretion of the Compensation Committee or, in the case of the CEO, at the discretion of the Board. Base salary adjustments, if any, will be determined based on each individual employee's experience, education, knowledge, skills, and performance; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. Employees are not guaranteed an annual salary increase.

5. PERFORMANCE PLAN

5.1. Purpose of the Performance Plan

The purpose of the Performance Plan is to provide annual Performance Awards to eligible Participants based on specific objective criteria relative to UTIMCO's and each Participant's performance. The primary objectives of the Performance Plan are outlined in Section 2.

5.2. Performance Period

(a) For purposes of the Performance Plan, the "Performance Period" begins on July 1 of each year and ends the following June 30.

(b) Except as otherwise provided under Sections 5.8 and 5.9, performance for each year in the historical performance period will be measured between July 1 and the following June 30 of the applicable year for gauging achievement of the Quantitative Performance Standard.

5.3. ***Eligibility and Participation***

(a) As further described in (b), each employee of UTIMCO who holds an "Eligible Position" will be a "Participant" in the Performance Plan for a Performance Period. "Eligible Positions" for a Performance Period include senior management, investment employees, and other key positions as designated by the CEO and approved by the Board as Eligible Positions for that Performance Period. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period. The Board in its discretion may also designate the employment position of a newly hired or promoted employee as an "Eligible Position" during a Performance Period**.** A list of Eligible Positions for each Performance Period is set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the Eligible Positions for that Performance Period.

(b) An employee in an Eligible Position will become a Participant on the later of (i) the date he or she is employed in an Eligible Position or (ii) the first day of the Performance Period if the employee is employed on that date. The preceding notwithstanding, an employee may not commence participation in the Performance Plan and first become a Participant during the last six months of any Performance Period.

(c) An employee will cease to be a Participant in the Performance Plan on the earliest to occur of: (i) the date such employee is no longer employed in an Eligible Position; (ii) the date ~~of Termination of~~ immediately following the last day of such employee's employment with UTIMCO due to a Termination of employment for any reason (including Voluntary Termination and Involuntary Termination, death, and Disability); (iii) the date of termination of the Performance Plan; (iv) the date such employee commences a leave of absence; or (v) the date such employee begins participation in any other UTIMCO performance program.

(d) Except as provided in Sections 5.10(b) and (c), only individuals who are Participants on the last day of a Performance Period are eligible to receive Performance Awards under the Performance Plan for that Performance Period.

5.4. Performance Standards

(a) There are two categories of Performance Standards:

(1) Quantitative Performance (measured as described in Section 5.8(a))

(2) Qualitative Performance (measured as described in Section 5.8(b))

Except for the CEO and CCO, Qualitative Performance Standards will be defined jointly by each Participant and his or her supervisor, subject to approval by the CEO. If the position of the CCO is determined to be an Eligible

Position, the Qualitative Performance Standards of the employee holding the position of CCO will be determined jointly by the Chairman of the Audit and Ethics Committee and the CEO. References to the CCO hereafter assume that the position of CCO has been determined to be an Eligible Position and the employee holding the position of CCO has been determined to be a Participant in the Performance Incentive Plan for the Performance Period. If the position of CCO has not been determined to be an Eligible Position for the Performance Period the provisions hereafter specific to the CCO have no force and effect.

(b) The CEO's Performance Standards will be determined and approved by the Board.

(c) Each Performance Standard for each Eligible Position is assigned a weight for the Performance Period. The Chairman of the Audit and Ethics Committee and the CEO will jointly recommend to the Compensation Committee the weightings of the Performance Standards for the CCO. The weightings for each Eligible Position are set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the weightings for the Eligible Positions for that Performance Period as soon as administratively practicable after such weightings are approved by the Compensation Committee for such Performance Period. The weightings for the Performance Standards for each Performance Period are subject to approval by the Board.

5.5. Award Opportunity Levels and Performance Awards

(a) Each Eligible Position is assigned an "Award Opportunity" for each Performance Standard for the Participants in that Eligible Position and each Award Opportunity is expressed as a percentage of base salary earned during the Performance Period. The Award Opportunities include a threshold and maximum award for achieving commensurate levels of performance of the respective Performance Standard.

(b) Award Opportunities for each Performance Period are set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the Award Opportunities for that Performance Period as soon as administratively practicable after approval of the Award Opportunities by the Board for such Performance Period.

(c) Actual "Performance Awards" are the amounts that are actually awarded to Participants for the respective Performance Period. Actual Performance Awards will range from zero (if a Participant performs at or below threshold on all Performance Standards) to the maximum Award Opportunity (if a Participant performs at or above maximum on all Performance Standards) depending on performance relative to objectives. Awards are capped at maximum levels regardless of whether a Participant exceeds the stated maximum Performance Standards.

(d) Following the end of each Performance Period, the Compensation Committee will review the actual performance of each Participant against the Performance Standards of the respective Participant and determine the Participant's level of achievement of his or her Performance Standards. The Compensation Committee may seek and rely on the independent confirmation of the level of Performance Standard achievement from an external investment consultant to evaluate Entity Performance, Asset Class Performance, and Peer Group Performance. The CEO will submit a written report to the Compensation Committee, which documents the Participant's performance relative to the Participant's Performance Standards set at the beginning of the Performance Period, and upon which the Compensation Committee may rely in evaluating the Participant's performance. The Audit and Ethics Committee and the CEO will jointly determine the CCO's level of achievement relative to the CCO's Performance Standards. The Board will determine the CEO's level of achievement relative to the CEO's Performance Standards.

(e) Performance Awards will be calculated for each Participant based on the percentage achieved of each Performance Standard, taking into account the weightings for the Participant's Quantitative Performance and Qualitative Performance Standards and each Participant's Award Opportunity. The methodology for calculating Award Opportunities and Performance Awards is presented on Appendix A. Performance Awards will be interpolated in a linear fashion between threshold and maximum.

(f) Within 180 days following the end of a Performance Period, and after review by the external auditor, the Compensation Committee will review all Performance Award calculations, and make any changes it deems appropriate. The Compensation Committee will submit its recommendations to the Board for approval. Subject to the provisions of Section 7.1, the Board will approve Performance Awards.

(g) Following the approval of a Performance Award by the Board, each Participant will be notified as to the amount, if any, of his or her Performance Award as well as the terms, provisions, conditions, and limitations of the Nonvested Deferred Award portion of such Performance Award.

5.6. Form and Timing of Payouts of Performance Awards

Except as provided in Sections 5.11, 5.12, and 5.13, approved Performance Awards will be paid as follows:

(a) Subject to the Applicable Deferral Percentage of an Eligible Position as documented in Table 1, the Performance Award will be paid to the Participant ("Paid Performance Award") within 180 days of the completion of the Performance Period on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the Performance Period ends, and

(b) An amount of the Performance Award for an Eligible Position equal to the Applicable Deferral Percentage set forth on Table 1 will be treated as a "Nonvested Deferred Award" subject to the terms of Section 5.7 and paid in accordance with that Section. Table 1 will be revised and attached, as necessary, for each Performance Period to set forth any Applicable Deferral Percentage for each Eligible Position as soon as administratively practicable after approval of the deferral percentages by the Board for such Performance Period.

5.7. Nonvested Deferred Awards

(a) For each Performance Period, a hypothetical account on UTIMCO's books ("Nonvested Deferred Award Account") will be established for each Participant. As of the date that the corresponding Paid Performance Award is paid to the Participant, each Participant's Nonvested Deferred Award for a Performance Period will be credited to his or her Nonvested Deferred Award Account established for that Performance Period; provided, however, that, in the case of any Participant whose Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.13 on the date such Nonvested Deferred Award would be so credited to his or her Nonvested Deferred Award Account, such Nonvested Deferred Award will not be credited to such Participant's Nonvested Deferred Award Account. The Nonvested Deferred Award Accounts will be credited (or debited) monthly with an amount equal to the net investment returns of the Total Endowment Assets ("Net Returns") for the month multiplied by the balance of the respective Participant's Nonvested Deferred Award Account(s) as of the last day of the month. When the Nonvested Deferred Award is initially credited to the Nonvested Deferred Award Account, the Nonvested Deferred Award Account will be credited (or debited) with Net Returns for the month of the initial credit of a Nonvested Deferred Award, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Nonvested Deferred Award Account. Participants are not entitled to their Nonvested Deferred Award Accounts unless and until they become vested in those accounts in accordance with Section 5.7(b).

(b) Unless a Participant's Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.13, such Participant will become vested in, and entitled to payment of, his or her Nonvested Deferred Award Account for each respective Performance Period according to the following schedule:

(1) On the first anniversary of the last day of the Performance Period for which the Nonvested Deferred Award was earned, one half of the amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

(2) On the second anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, the remaining amount

then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

(3) Nonvested Deferred Award Accounts payable under the above paragraphs of this Section 5.7(b) will be paid on a date selected in the discretion of UTIMCO after the applicable portion of any such Nonvested Deferred Award Account becomes vested and in no event later than the last day of the calendar year in which the applicable portion of such Nonvested Deferred Award Account becomes vested.

5.8. Performance Measurement Standards

(a) Quantitative Performance is comprised of two categories: ~~-~~(i) performance measured against predetermined benchmarks and applicable excess return targets ("Benchmark Performance"), and (ii) performance measured against a predetermined Peer Group ("Peer Group Performance"). Due to the delay in availability of final performance data for private assets, calculation and payment of Performance Awards will be delayed until after such time that performance measurement for these investment areas are available.

(1) Benchmark Performance is comprised of Entity Performance and Asset Class Performance:

a. Entity Performance will be measured based on three-year historical performance.

~~a.~~b. For the Performance Periods beginning on or after July 1, 2024, subject to the phase-in calculation as described in Section 5.9(a), Entity Performance for purposes of the Performance Plan is determined based on the performance of the ~~Total Endowment Assets ("~~TEA~~")~~ and ITF relative to the ~~Intermediate Term Fund ("ITF") as stated~~Asset Classes' Benchmarks and Performance Standards in Table ~~1~~2.

~~i. The performance of the TEA is measured based on the TEA's performance relative to the TEA Policy Portfolio Return (TEA benchmark).~~

~~ii. The performance of the ITF will be measured based on the performance of the ITF relative to the ITF Policy Portfolio Return (ITF benchmark).~~

i. ~~Performance standards related to the TEA and ITF for each Performance Period beginning after June 30, 2020, will be updated as necessary and set forth on a revised table for each such Performance Period in Table 2 as soon as administratively practicable after such standards are determined.~~ The performance of the TEA is measured by calculating each Asset Class Performance (as determined by section 5.8(a)(1)(c)) and weighing such calculated performance by the asset class's average NAV in proportion to the total average NAV of the TEA. The weighted contribution of each asset class's performance (measured as a positive or negative percentage of the maximum level) is summed to determine the level of attainment of the maximum TEA award for each Eligible Position in Table 1. Threshold level is 0% and the maximum level is 100% for the TEA performance for the Performance Period (with interpolation for levels of attainment between threshold and maximum).

ii. The performance of the ITF is measured by calculating each Asset Class Performance (as determined by section 5.8(a)(1)(c)) and weighing such calculated performance by the asset class's average NAV in proportion to the total average NAV of the ITF. The weighted contribution of each asset class's performance (measured as a positive or negative percentage of the maximum level) is summed to determine the level of attainment of the maximum ITF award for each Eligible Position in Table 1. Threshold level is 0% and the maximum level is 100% for the ITF performance for the Performance Period (with interpolation for levels of attainment between threshold and maximum).

iii. Performance of the TEA and ITF is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the TEA and ITF.

~~iv. Entity Performance will be measured relative to the appropriate benchmark based on three-year historical performance.~~

~~b.~~c. Asset Class Performance is the performance of specific asset classes within the TEA and the ITF (such as U.S. public equity, private equity, etc.). Except as provided in Section 5.9, Asset Class Performance will be measured relative to the appropriate benchmark based on three-year historical performance. When calculating the performance of a subset of asset class pursuant to Section 5.9, the appropriate benchmark for such subset shall be determined based on the applicable components of the blended benchmark for such asset class based on three-year historical performance (except as otherwise provided in Sections 5.9(c) and (d)), adjusted in proportion to the applicable subset(s) of the asset class being measured and excluding any inapplicable subset(s). Performance standards for each asset class will vary depending on the ability to outperform the respective benchmark. ~~The~~Subject to Section 5.9(b), the benchmarks for each asset class, as well as threshold and maximum performance standards ~~in effect during~~applicable to the three-year historical period, culminating with the current Performance

Period, are set forth on Table 2. Table 2 will be revised and attached, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold and maximum performance standards, ~~in effect during~~applicable to the three-year historical period, culminating with the subsequent Performance Period, in which event, such revised Table 2 will be attached as soon as administratively practicable after the change in such benchmarks and standards necessitating such change are set.

(2) Peer Group Performance:

a. The Peer Group will be as defined in Section 8.24.

b. Peer Group performance will be measured based on the TEA's performance relative to the Peer Group.

c. Peer Group performance will be measured based on ~~three-year historical performance.~~one-year and three-year historical performance. One-year and three-year historical performance will each account for 50% of the Peer Group performance measurement and are counted independently of each other. For example, if the Peer Group performance on a one-year basis meets or exceeds the maximum performance standards identified in Table 2, but the Peer Group performance on a three-year basis does not meet or exceed the minimum threshold performance standards identified in Table 2, then applicable Participants would have achieved a combined total of 50% for the Peer Group component of the Performance Standards (calculated as (i) 50% for the one-year performance (100% achievement multiplied by 50% weight of one-year performance), plus (ii) 0% for the three-year performance (0% achievement multiplied by the 50% weight of the three-year performance), equaling a combined total of 50%).

d. Cambridge Associates will determine the performance of the Peer Group annually for the Performance Period. Cambridge Associates will calculate a percentile rank for the performance of the TEA relative to the Peer Group, with the 1st percentile representing the highest rank and the 100th percentile representing the lowest rank.

(b) Qualitative Performance

(1) The level of a Participant's Qualitative Performance will be measured by the CEO (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), subject to approval by the Compensation Committee, based on the level of attainment (below threshold, threshold or maximum) of the Participant's Qualitative Performance Standards for the Performance Period. In the case of the CEO, the level

of the CEO's Qualitative Performance will be measured by the Compensation Committee subject to review and approval by the Board.

(2) The Qualitative Performance Standard will be measured systematically as part of each Participant's annual performance appraisal process aimed at evaluating, using predetermined standard criteria established before the beginning of each Performance Period, each Participant's adherence to UTIMCO's cultural values, and may include multi-rater feedback regarding a variety of contributions and behaviors needed for organizational success such as interpersonal relationship skills, accountability, effective teamwork, etc.

(3) For purposes of determining the level of attainment of each Participant's Qualitative Performance Standard for the Performance Period, the Participant will receive 0% (threshold level) if he or she fails to complete any of his or her Qualitative Performance Standards for that Performance Period and the maximum level if he or she successfully completes 100% of his or her Qualitative Performance Standards for that Performance Period (with interpolation for levels of attainment between threshold and maximum).

5.9. *Modifications of Measurement Period for Measuring Entity and Asset Class Performance*

(a) ~~(a)~~ For the Performance Period ending June 30, 2025, two years (July 1, 2022 through June 30, 2024) of the Entity Performance is determined based on the performance of the TEA and the ITF as provided by the terms the of Performance Plan then in effect for such years (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), which performance is proportionately combined with the remaining one year (July 1, 2024 through June 30, 2025) of Entity Performance as determined under current Section 5.8(a)(1)(b). Similarly, for the Performance Period ending June 30, 2026, one year (July 1, 2023 through June 30, 2024) of the Entity Performance is determined based on the performance of the TEA and the ITF as provided by the terms of the Performance Plan then in effect for such year (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), which performance is proportionately combined with the remaining two years (July 1, 2024 through June 30, 2026) of Entity Performance as determined under current Section 5.8(a)(1)(b).

(b) For the Performance Period ending June 30, 2025, two years (July 1, 2022 through June 30, 2024) of the Asset Class Performance is determined based on the benchmarks and performance standards as provided by the terms the Performance Plan then in effect for such years (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), and the remaining one year (July 1, 2024 through June 30, 2025) of the Asset Class Performance is determined based on the benchmarks and performance standards set forth in current Table 2. For the Performance Period ending June 30, 2026, one year (July 1, 2023 through June 30, 2024) of the Asset Class Performance is determined based on the benchmarks and performance standards as provided by the terms of the Performance Plan then in effect for such year (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), and the remaining two years (July 1, 2024 through June 30, 2026) of the Asset Class Performance is determined based on the benchmarks and performance standards set forth in the then-current Table 2.

(c) For purposes of measuring Quantitative Performance, the three-year historical performance cycle will not be utilized for any specific asset class (or subset of an asset class) until that asset class (or subset of that asset class) has three years of historical performance as part of the Performance Plan and, until that time, the actual years (full and partial) of historical performance of that asset class (or subset of that asset class) while part of the Performance Plan will be used as the measurement period.

(~~b~~d) For purposes of measuring Quantitative Performance of an asset class (or subset of an asset class) that is removed from the Performance Plan prior to completion of the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed asset class (or subset of an asset class), but instead the actual number of full months that the removed asset class was part of the Performance Plan during the then in-progress three-year historical performance cycle will be used as the measurement period.

(~~c~~e) For purposes of measuring Asset Class Performance for a particular Participant of an asset class (or subset of an asset class) that is ~~removed from or~~ added to the Participant's responsibility during the then in-progress three-year historical performance cycle, the full three-year historical performance cycle will ~~not~~ be utilized for that ~~removed or~~ added asset class (or subset of an asset class~~), but instead the actual number~~). For purposes of ~~full months~~measuring Asset Class Performance for a particular Participant of an asset class (or subset of an asset class) that ~~the~~is removed ~~or added asset class was part of~~from the Participant's responsibility during the then in-progress three-year historical performance cycle~~ will be used as the measurement period for evaluating the Asset Class Performance with respect to such Participant.~~, no portion of the three-year historical performance cycle will be utilized for that removed asset class (or subset of an asset class). This Section 5.9(e) shall be applied in accordance with UTIMCO's internal records reflecting when an asset class (or a subset of an asset class) has been added to or removed from a Participant's responsibility.

5.10. Termination Provisions

(a) Except as otherwise provided in this Section 5.10, any Participant who ceases to be a Participant (either because of Termination of employment with UTIMCO or for any other reason stated in Section 5.3(c)) prior to the end of a Performance Period will not be eligible to receive payment of any Performance Award for that or any subsequent Performance Periods. In addition, a Participant will forfeit any Nonvested Deferred Awards at such Participant's Voluntary Termination or Involuntary Termination for Cause. Further, upon Involuntary Termination for reasons other than Cause, the amount in the Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs.

(b) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment position is no longer an Eligible Position (but such employee continues to be employed with UTIMCO), such Participant's Performance Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date the Participant ceases to be in an Eligible Position, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

(c) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment with UTIMCO terminates due to death or Disability, the Participant's Performance Award for the Performance Period in which Termination occurs, in lieu of any other Performance Award under the Performance Plan, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date of the Participant's death or Disability, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which such termination occurs. Payments under this provision will be made to the estate or designated beneficiaries of the deceased Participant or to the disabled Participant, as applicable.

(d) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because he or she commences a leave of absence, such Participant's Performance Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or coinciding with the date the Participant commences such leave of absence, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

(e) In the case of any Participant who ceases to be a Participant in the Performance Plan prior to the end of Performance Period and is entitled to a Performance Award or a prorated Performance Award under this Section 5.10, such Performance Award will be calculated at the time and in the manner provided in Section 5.5 and Appendix A and paid in accordance with Section 5.6 and will not be calculated or paid prior to such time.

5.11. Eligibility for Retirement

A participant is eligible for retirement on the last day of the month in which the sum of the Participant's age and years of service, including months of age and months of service credit, equals or exceeds the number 75.

In the case of any Participant who is eligible for retirement, any Performance Incentive Award to which the Participant becomes entitled, as well as any remaining Nonvested Deferred Award, will vest immediately and be includible in the Participant's gross income for Federal income tax purposes in the calendar year in which vesting occurs without regard to when payment is made to the Participant. The vested Performance Incentive Award and any remaining Nonvested Deferred Award will be paid to the participant on a date selected by UTIMCO and in no event later than the last day of the calendar year unless the Participant has agreed to a Voluntary Deferral of all or a portion of his Performance Incentive Award that would otherwise have been deferred had the Participant not been eligible for retirement ("Amount Voluntarily Deferred"). If the Participant has agreed to a Voluntary Deferral of such amount of his Performance Incentive Award,

(a) the Amount Voluntarily Deferred (1) will be credited to a hypothetical account established in the Participant's name on UTIMCO's books ("Amount Voluntarily Deferred Account") and (2) will be credited (or debited) monthly with an amount equal to the Net Returns for the month multiplied by the balance in the Participant's Amount Voluntarily Deferred Account as of the last day of the month, provided that when the Amount Voluntarily Deferred is initially credited to the Participant's Amount Voluntarily Deferred Account, the Participant's Amount Voluntarily Deferred Account will be credited (or debited) with Net Returns for the month of the initial credit, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Participant's Amount Voluntarily Deferred Account;

(b) except as provided in clause (c) below, the amount credited to the Participant's Amount Voluntarily Deferred Account shall be paid to the Participant only on the following dates and in the following amounts:

(1) On the first anniversary of the last day of the Performance Period for which the Amount Voluntarily Deferred was earned, one half of the amount then credited to the Participant's Amount Voluntarily Deferred Account for that Performance Period will be paid to the Participant;

(2) On the second anniversary of the end of the Performance Period for which the Amount Voluntarily Deferred was earned, the remaining amount then credited to the Participant's Amount Voluntarily Deferred Account for that Performance Period will be paid to the Participant;

(3) Amount Voluntarily Deferred Accounts payable under the above paragraphs of this Section 5.11(b) will be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the applicable portion of such Amount Voluntarily Deferred Account becomes due and payable; and

(c) any net credits or debits to the Participant's Amount Voluntarily Deferred Account pursuant to clause (a)(2) above will be includible in the Participant's gross income and taxable to the Participant as ordinary income for Federal income tax purposes, and will be subject to Federal employment taxes and wage withholding during the year in which such amounts are paid pursuant to clauses (a) or (b) above.

5.12. Extraordinary Circumstances

Notwithstanding anything in this Plan to the contrary, the timing and amount of Performance Awards of each Participant holding an Eligible Position listed on Table 3 (each, an "Affected Participant"), are subject to automatic adjustment as follows:

(a) If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Awards are being determined are negative at the end of such Performance Period, (i) an amount otherwise equal to the Paid Performance Award attributable to such Performance Period for each Affected Participant will be treated as an "Extraordinary Nonvested Deferral Award" for such Affected Participant that is subject to forfeiture in the same manner and for the same reasons as Nonvested Deferral Awards pursuant to Section 5.10(a), (ii) a separate hypothetical account for such Affected Participant will be established on UTIMCO's books ("Extraordinary Nonvested Deferral Award Account"), which will be (1) credited with such Affected Participant's Extraordinary Nonvested Deferral Award and (2) credited (or debited) monthly with Net Returns of the Total Endowment Assets on the same dates and in the same manner as applies to Nonvested Deferral Award Accounts pursuant to Section 5.7(a), and (iii) unless such Affected Participant's Extraordinary Nonvested Deferral Award has been forfeited pursuant to Section 5.10(a) or

Section 5.13, such Affected Participant will become vested in, and entitled to payment of, the amount of his or her Extraordinary Nonvested Deferral Award Account on the first anniversary of the last day of such Performance Period; provided that upon the death, Disability or Involuntary Termination of an Affected Participant for reasons other than Cause, the amount in the Extraordinary Nonvested Deferral Award Account of such Affected Participant will vest immediately and be paid (to the Affected Participant or, in the case of death, to the estate or designated beneficiaries of the deceased Affected Participant) on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs; provided, further, that nothing in this clause (a) shall affect the vesting and payment of Nonvested Deferral Awards to any Affected Participant nor shall it affect the vesting and payment of Performance Awards to a Participant that has satisfied the requirements for Eligibility for Retirement;

(b) Table 3 will be revised and attached, as necessary, for each Performance Period to identify the Eligible Positions whose Performance Awards are subject to automatic adjustment as to timing and amount pursuant to clause (a) above as soon as administratively practicable after approval by the Board.

5.13. Recovery of Performance Awards

Notwithstanding anything in this Plan to the contrary, if the Board (in its sole discretion, but acting in good faith) determines (a) that a Participant has engaged in willful misconduct that materially disrupts, damages, impairs or interferes with the business, reputation or employee relations of UTIMCO or The University of Texas System, such Participant will not be entitled to any Performance Awards for the Performance Periods during which the Board determines such misconduct occurred, or (b) that a Participant has engaged in fraudulent misconduct that caused or contributed to a restatement of the investment results upon which such Participant's Performance Awards were determined by knowingly falsifying any financial or other certification, knowingly providing false information relied upon by others in a financial or other certification, or engaging in other fraudulent activity, or knowingly failing to report any such fraudulent misconduct by others in accordance with UTIMCO's Employee Handbook, such Participant will not be entitled to any Performance Awards for the Performance Periods for which investment results were so restated. To the extent a Participant has been awarded Performance Awards to which he or she is not entitled as a result of clause (a) or (b) above, Performance Awards shall be recovered by UTIMCO pursuant to the following remedies in the order listed: first, such Participant's Nonvested Deferred Awards and Extraordinary Nonvested Deferred Awards will be automatically forfeited; second, any Paid Performance Award not then paid to such Participant will be withheld and automatically forfeited; and third, such Participant must return to UTIMCO the remaining excess amount. Recovery of Performance Awards to which a Participant is not entitled pursuant to this Section 5.13 does not constitute a settlement of other claims that UTIMCO may have against such Participant, including as a result of the conduct giving rise to such recovery. Further, the remedies set forth above are in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

6. COMPENSATION PROGRAM AUTHORITY AND RESPONSIBILITY

6.1. Board as Plan Administrator

Except as otherwise specifically provided in this Compensation Program with respect to powers, duties, and obligations of the Compensation Committee, the Compensation Program will be administered by the Board.

6.2. Powers of Board

The Board has all powers specifically vested herein and all powers necessary or advisable to administer the Compensation Program as it determines in its discretion, including, without limitation, the authority to:

(1) Establish the conditions for the determination and payment of compensation by establishing the provisions of the Performance Plan.

(2) Determine the Eligible Positions in the Performance Plan.

(3) Delegate to any other person, committee, or entity any of its ministerial powers and/or duties under the Compensation Program as long as any such delegation is in writing and complies with the UTIMCO Bylaws.

7. COMPENSATION PROGRAM INTERPRETATION

7.1. Board Discretion

(a) Consistent with the provisions of the Compensation Program, the Board has the discretion to interpret the Compensation Program and may from time to time adopt such rules and regulations that it may deem advisable to carry out the Compensation Program. All decisions made by the Board in selecting the Participants approved to receive Performance Awards, including the amount thereof, and in construing the provisions of the Compensation Program, including without limitation the terms of any Performance Awards, are final and binding on all Participants.

(b) Notwithstanding any provision of the Compensation Program to the contrary and subject to the requirement that the approval of Performance Awards that will result in an increase of 5% or more in the ~~total Performance Awards~~maximum Award Opportunity calculated using the methodology set out on Appendix A must have the prior approval of the U. T. System Board of Regents, the Board has the discretion and authority to make changes in the terms of the Compensation Program in determining a Participant's eligibility for, or amount of, a Performance Award for any Performance Period whenever it considers that circumstances have occurred during the Performance Period so as to make such changes appropriate in the opinion of the Board, provided, however, that any such change will not deprive or eliminate an award of a Participant after it has become vested and that such circumstances are recorded in the minutes of a meeting of the Board.

7.2. Duration, Amendment, and Termination

The Board has the right in its discretion to amend the Compensation Program or any portion thereof from time to time, to suspend it for a specified period, or to terminate it entirely or any portion thereof. However, if the Performance Plan is suspended or terminated during a Performance Period, Participants will receive a prorated Performance Award based on performance achieved and base salary earned through the Performance Measurement Date immediately preceding such suspension or termination. The Compensation Program will be in effect until suspension or termination by the Board; provided, however, that if the Board so determines at the time of any suspension or termination of the Performance Plan, Nonvested Deferred Awards credited to Participants' Nonvested Deferred Award Account(s) as of the effective date of such suspension or termination will continue to be administered under the terms of the Performance Plan after any suspension or termination, except as the Board otherwise determines in its discretion at the time of such suspension or termination.

7.3. Recordkeeping and Reporting

(a) All records for the Compensation Program will be maintained by the Senior Managing Director and Chief Operating Officer. Relative performance data and calculations will be reviewed by UTIMCO's external auditor before Performance Awards are finalized and approved by the Board.

(b) UTIMCO will provide all Participants with a comprehensive report of the current value of their respective Nonvested Deferred Award and Extraordinary Nonvested Deferred Award Account balances, including a complete vesting status of those balances, on at least a quarterly basis.

7.4. Continued Employment

Nothing in the adoption of the Compensation Program or the awarding of Performance Awards will confer on any employee the right to continued employment with UTIMCO or affect in any way the right of UTIMCO to terminate his or her employment at any time.

7.5. Non-transferability of Awards

Except for the rights of the estate or designated beneficiaries of Participants to receive payments, as set forth herein, Performance Awards under the Performance Plan, including both the Paid Performance Award portion and the Nonvested Deferred Award portion, are non-assignable and non-transferable and are not subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, or levy of any kind. The preceding notwithstanding, the Compensation Program will pay any portion of a Performance Award that is or becomes vested in accordance with an order that meets the requirements of a "qualified domestic relations order" as set forth in Section 414(p) of the *Internal Revenue Code* and Section 206(d) of ERISA.

7.6. Unfunded Liability

(a) Neither the establishment of the Compensation Program, the award of any Performance Awards, nor the creation of Nonvested Deferred Awards Accounts will be deemed to create a trust. The Compensation Program will constitute an unfunded, unsecured liability of UTIMCO to make payments in accordance with the provisions of the Compensation Program. Any amounts set aside by UTIMCO to assist it in the payment of Performance Awards or other benefits under the Compensation Program, including without limitation, amounts set aside to pay for Nonvested Deferred Awards, will be the assets of UTIMCO, and no Participant will have any security or other interest in any assets of UTIMCO or the U. T. System Board of Regents by reason of the Compensation Program.

(b) Nothing contained in the Compensation Program will be deemed to give any Participant, or any personal representative or beneficiary, any interest or title to any specific property of UTIMCO or any right against UTIMCO other than as set forth in the Compensation Program.

7.7. Compliance with State and Federal Law

No portion of the Compensation Program will be effective at any time when such portion violates an applicable state or federal law, regulation, or governmental order or directive.

7.8. Federal, State, and Local Tax and Other Deductions

All Performance Awards under the Compensation Program will be subject to any deductions (1) for tax and withholding required by federal, state, or local law at the time such tax and withholding is due (irrespective of whether such Performance Award is deferred and not payable at such time) and (2) for any and all amounts owed by the Participant to UTIMCO at the time of payment of the Performance Award. UTIMCO will not be obligated to advise an employee of the existence of the tax or the amount that UTIMCO will be required to withhold.

7.9. Prior Plan

(a) Except as provided in the following paragraphs of this Section 7.9 or as expressly provided in Section 5.8 and Section 5.9, this Compensation Program supersedes any prior version of the Compensation Program ("Prior Plan").

(b) All nonvested deferred awards under a Prior Plan will retain the vesting schedule in effect under the Prior Plan at the time such awards were allocated to the respective Participant's account. In all other respects, as of the Effective Date, those nonvested deferred amounts will (1) be credited or debited with the Net Returns over the remaining deferral period in accordance with Section 5.7(a), and (2) be subject to the terms and conditions for Nonvested Deferred Awards under the Performance Plan as set forth in this restated document.

8. DEFINITION OF TERMS

8.1. **Affected Participant** is defined in Section 5.12.

8.2. **Applicable Deferral Percentage** means, as to each Eligible Position, the percentage set forth opposite such Eligible Position under the heading "Percentage of Award Deferred" on Table 1.

8.3. **Asset Class Performance** is the performance of specific asset classes within the Total Endowment Assets and the Intermediate Term Fund (such as U.S. public equity, private equity, etc.).

8.4. **Award Opportunity** is defined in Section 5.5(a).

8.5. **Board** is the UTIMCO Board of Directors.

8.6. **Cause** means, as to any employee, that such employee has committed (as determined by UTIMCO in its sole discretion) any of the following: (1) a violation of any securities law or any other law, rule or regulation; (2) willful conduct that reflects negatively on the public image of UTIMCO or the U. T. System; or (3) a breach of UTIMCO's Code of Ethics.

8.7. **Compensation Committee** is the Compensation Committee of the UTIMCO Board of Directors.

8.8. **Compensation Program** is defined in Section 1.

8.9. **Disability** means a condition whereby a Participant either (i) is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected either to result in death or to last for a continuous period of not less than 12 months or (ii) is, by reason of a medically determinable physical or mental impairment that is expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a disability plan maintained or contributed to by UTIMCO for the benefit of eligible employees.

8.10. **Effective Date** is defined in Section 1.

8.11. **Eligible for Retirement** is defined in Section 5.11.

8.12. **Eligible Position** is defined in Section 5.3(a).

8.13. **Entity Performance** represents the performance of the Total Endowment Assets and the Intermediate Term Fund (based on the measurement standards set forth in Section 5.8(a)).

8.14. **Extraordinary Nonvested Deferral Award** is defined in Section 5.12.

8.15. **Extraordinary Nonvested Deferral Award Account** is defined in Section 5.12.

8.16. Intermediate Term Fund or ITF is The University of Texas System ("U. T. System") Intermediate Term Fund established by the U. T. System Board of Regents as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by the U. T. System institutions and U. T. System Administration. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Intermediate Term Fund.

~~**8.17. Intermediate Term Fund Policy Portfolio Return** is the benchmark return for the Intermediate Term Fund policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class multiplied by the benchmark return for the asset class) for the various asset classes in the Intermediate Term Fund policy portfolio for the Performance Period.~~

~~8.18.~~8.17. **Involuntary Termination** means, as to any person the Termination of such person's employment with UTIMCO wholly initiated by UTIMCO and not due to such person's implicit or explicit request, at a time when such person is otherwise willing and able to continue to perform services for UTIMCO.

8.18. Net Asset Value ("NAV") is the value of the TEA or ITF or an individual asset class's net value of its investments less its liabilities.

8.19. Net Returns is the investment performance return of the Total Endowment Assets, net of fees. Net of fees factors in all administrative and other fees for managing the Total Endowment Assets. The net investment return will be calculated as follows:

$$\frac{\text{Permanent University Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{Permanent University Fund Net Investment Return}$$

Plus

$$\frac{\text{General Endowment Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{General Endowment Fund Net Investment Return}$$

8.20. Nonvested Deferred Award is defined in Section 5.6(b).

8.21. Nonvested Deferred Award Account is defined in Section 5.7(a).

8.22. Paid Performance Award is defined in Section 5.6(a).

8.23. Participant is defined in Section 5.3(a).

8.24. Peer Group is a peer group of endowment funds that is comprised of the top 20 largest endowment funds by market value, as of the last day of the Performance Period as determined by Cambridge Associates; provided, however, that the Total Endowment Assets are excluded from the Peer Group and further provided, that if Cambridge Associates is unable to obtain peer performance for a top 20 largest endowment fund(s) by October 31st following the end of the Performance Period, that endowment fund(s) shall be excluded from the Peer Group for the Performance Period.

8.25. Performance Standards are defined in Section 5.4.

8.26. Performance Award is the component of a Participant's total compensation that is based on specific performance standards and awarded as current income or deferred at the end of a Performance Period in accordance with Section 5 and Appendix A.

8.27. Performance Plan is as defined in Section 1 and described more fully in Section 5.

8.28. Performance Measurement Date is the close of the last business day of the month.

8.29. Performance Period is defined in Section 5.2.

8.30. Prior Plan is defined in Section 7.9.

8.31. Salary Structure is described in Section 4.1.

8.32. Termination means, as to any person, a complete severance of the relationship of employer and employee between UTIMCO and such person.

8.33. Total Endowment Assets or TEA means the combination of the Permanent University Fund and the General Endowment Fund, but does not include any other endowment funds monitored by UTIMCO such as the Separately Invested Fund. Performance of the Total Endowment Assets is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Total Endowment Assets.

~~**8.34. Total Endowment Assets Policy Portfolio Return** is the benchmark return for the Total Endowment Assets policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class multiplied by the benchmark return for the asset class) for the various asset classes in the Total Endowment Assets policy portfolio for the Performance Period.~~

~~8.35.~~8.34. **Voluntary Terminations** means, as to any person, the Termination of such person's employment with UTIMCO not resulting from an Involuntary Termination or by reason of Death or disability.

TO BE UPDATED AND FINALIZED AFTER MEETING

Appendix A

Performance Award Methodology (for Performance Periods beginning on or after July 1, 2020)

I. Determine "Award Opportunities" for Each Participant[2]

Step 1. Identify the weights to be allocated to each of the two Performance Standards for each Participant's Eligible Position. The weights vary for each Eligible Position and are set forth in Table 1 for the applicable Performance Period. The total of the weights ascribed to the two Performance Standards (Quantitative and Qualitative) must add up to 100% for each Participant. For example, Table 1 may reflect for a Performance Period for the CEO that the weight allocated to the Quantitative Performance Standard is 80%, and the weight allocated to the Qualitative Performance Standard is 20%.

Step 2. Identify the weights to be allocated to the various components of Quantitative Performance for each Participant's Eligible Position as set forth on Table 1: Benchmark Performance, i.e., Entity and Asset Class Performance, and Peer Performance. Entity Performance consists of both TEA and ITF Performance. For example, Table 1 may reflect for a Performance Period for the CEO that the weight allocated to the TEA Performance is 51.2%, the weight allocated to ITF Performance is 12.8%, the weight allocated to Asset Class Performance is 0%, and the weight allocated to Peer Performance is 16%.

Step 3. Identify the percentage of base salary for the Participant's Eligible Position that determines the Performance Award for achievement of the Threshold and Maximum levels of the Performance Standards. The percentages vary for each Eligible Position and are set forth in Table 1 for the applicable Performance Period. For example, Table 1 may show that for a Performance Period the applicable percentages for determining the Performance Award for the CEO are 0% of his or her base salary for achievement of Threshold level performance of both Performance Standards and 450% of his or her base salary for achievement of Maximum level performance of both Performance Standards.

Step 4. Calculate the dollar amount of the potential Threshold and Maximum awards (the "Award Opportunities") for each Participant by multiplying the Participant's base salary for the Performance Period by the applicable percentage (from Step #2 above). For example, assuming the CEO has a base salary of $750,000 for a Performance Period, based on the assumed

[2] These Award Opportunities represent amounts that each Participant will be awarded if he or she achieves his or her Performance Standards at varying levels and are calculated at the beginning of each Performance Period or, if later, the date such Participant commences participation in the Performance Plan.

percentages set forth in Step #2 above, the CEO will be eligible for a total award of $0 if he or she achieves Threshold level performance of both Performance Standards and $3,375,000 (450% of his or her base salary) if he or she achieves Maximum level performance of both Performance Standards.

Step 5. Because a Participant may achieve different levels of performance for the various components of the different Performance Standards and be eligible for different levels of awards for that achievement (e.g., he or she may achieve Threshold performance in the TEA Performance Standard and be eligible to receive a Threshold award for that Standard and achieve Maximum performance in the Qualitative Performance Standard and be eligible to receive a Maximum award for that Performance Standard), it is necessary to determine the Award Opportunity of the Threshold and Maximum award for each of the various components of the Performance Standards**.** This is done by multiplying the dollar amount of the Threshold and Maximum awards for the performance of the various components of the Performance Standards calculated in Step #3 above for the Participant by the weight allocated for that Participant to the particular component of the Performance Standard.

Step 6. After Steps #4 and #5 above are performed for each of the two levels of performance for each of the components of the Performance Standards, there will be up to 10 different Award Opportunities for each Participant. For example, for the CEO (based on an assumed base salary of $750,000, the assumed weights for the Performance Standards set forth in Step #1 above, and the assumed percentages of base salary for the awards set forth in Step #2 above), the 10 different Award Opportunities for achievement of the Performance Standards for the Performance Period are as follows:

Award Opportunities for CEO
(based on assumed base salary of $750,000)

Performance Standard	Weight	Threshold Level Award	Maximum Level Award
Entity (TEA v. TEA Policy Portfolio Return	51.2%	$0	$1,728,000
Entity (ITF v. ITF Policy Portfolio Return)	12.8%	$0	$432,000
Asset Class	0%	$0	$0
Peer Group	16%	$0	$540,000
Qualitative	20%	$0	$675,000
Total	100%	$0 (0% of salary)	$3,375,000 (450% of salary)

II. Calculate Performance Award for Each Participant

Step 7. Identify the achievement percentiles or achieved basis points that divide the Threshold and Maximum levels for each Performance Standard. These divisions for the level of achievement of the various components of the Qualitative Performance Standard are set forth in Table 2 for the applicable Performance Period. The measurement for the level of achievement (i.e., Threshold or Maximum) for the Qualitative Performance Standard is initially determined each Performance Period by the CEO, (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), and then is approved (or adjusted) by the Compensation Committee as it deems appropriate in its discretion. The Compensation Committee will determine the CEO's level of achievement relative to the CEO's Performance Standards and make its recommendation to the Board, which is then approved (or adjusted) by the Board as it deems appropriate in its discretion.

Step 8. Determine the percentile or basis points achieved for each component of the Performance Standards for each Participant using the standards set forth in Sections 5.5 and 5.8 of the Compensation Program, as modified in Section 5.9.

Step 9. Calculate the amount of each Participant's award attributable to each component of the Performance Standards by identifying the Award Opportunity amount for each component of the Performance Standards (e.g., as assumed and set forth for the CEO in the table in Step #6 above) commensurate with the Participant's level of achievement for that component of the Performance Standard (determined in Steps #7 and #8 above). An award for achievement percentiles in between the stated Threshold and Maximum levels is determined by linear interpolation. For example, if +120 bps of the TEA benchmark portion of the TEA portion of the Entity Performance Standard has been achieved, that +120 bps is between the Threshold (+0 bps) and the Maximum (+200 bps) levels, so to determine the amount of the award attributable to +120 bps of achievement of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Standard, perform the following steps: (i) divide 120 (the attained level of achievement) by 200 (the Maximum level) to determine the percentage actually achieved (120/200 = 0.60); and (ii) multiply the percentage of achievement in the preceding Step (i) by the Maximum Award Level of the CEO of $1,728,000 as assumed in the above table in Step 6 to calculate the actual award earned of $1,036,800 ($1,728,000 x 0.60) for the TEA portion of the Entity Performance Standard.

Step 10. No award is given for an achievement percentile at or below Threshold, and no award above the Maximum award is given for an achievement percentile above the Maximum level.

Step 11. Subject to any applicable adjustment in Step #12 below, add the awards determined in Step #9 above for each component of the Performance

Standards (as modified by Step #10) together to determine the total amount of the Participant's Performance Award for the Performance Period.

Step 12. In the case of any Participant who becomes a Participant in the Performance Plan after the first day of the applicable Performance Period but within the first six months, such Participant's Performance -Award (determined in Step #12) will be prorated to reflect the actual portion of the Performance Period in which he or she was a Participant. In the case of a Participant who ceases to be a Participant prior to the end of a Performance Period, his or her entitlement to any Performance Award is determined under Section 5.10 and, in the case of such entitlement, such Participant's Performance -Award, if any, will be prorated and adjusted as provided in Section 5.10.

Table 1
to be reviewed in Executive Session

Table 1

Eligible Positions, Weightings, Award Opportunities, and Percentage of Award Deferred for each Eligible Position (for the Performance Periods Beginning After June 30, 2020)

			Quantitative Weightings						
			Benchmark Performance				Award Opportunity (% of Base Salary)		
	Weighting		Entity						Percentage
Eligible Position	Quantitative	Qualitative	TEA	ITF	Asset Class	Peer Group	Threshold	Maximum	of Award Deferred
Investment Professionals									
CEO, Chief Investment Officer & President	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	450%	50%
Chief Investment Officer	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	450%	50%
Deputy Chief Investment Officer	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	450%	50%
Senior Managing Director - Investments	80%	20%	35.8%	9.0%	19.2%	16.0%	0%	300%	45%
Managing Director - Investments	80%	20%	35.8%	9.0%	19.2%	16.0%	0%	250%	40%
Managing Director - Fixed Income	80%	20%	35.8%	9.0%	19.2%	16.0%	0%	200%	40%
Managing Director - TAA	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	250%	40%
Managing Director - Risk Management	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	200%	40%
Senior Director - Investments	75%	25%	33.6%	8.4%	18.0%	15.0%	0%	185%	35%
Senior Director - TAA	75%	25%	48.0%	12.0%	0.0%	15.0%	0%	185%	35%
Senior Director - Risk Management	75%	25%	48.0%	12.0%	0.0%	15.0%	0%	185%	35%
Director - Investments	70%	30%	31.4%	7.8%	16.8%	14.0%	0%	175%	30%
Director - TAA	70%	30%	44.8%	11.2%	0.0%	14.0%	0%	175%	30%
Director - Risk Management	70%	30%	44.8%	11.2%	0.0%	14.0%	0%	175%	30%
~~Director - Chief of Staff~~	~~70%~~	~~30%~~	~~44.8%~~	~~11.2%~~	~~0.0%~~	~~14.0%~~	~~0%~~	~~175%~~	~~30%~~
Associate Director - Investments	60%	40%	26.9%	6.7%	14.4%	12.0%	0%	155%	20%
Associate Director - TAA	60%	40%	38.4%	9.6%	0.0%	12.0%	0%	155%	20%
Associate Director - Risk Management	60%	40%	38.4%	9.6%	0.0%	12.0%	0%	155%	20%
Associate - Investments	40%	60%	17.9%	4.5%	9.6%	8.0%	0%	145%	15%
Associate - TAA	40%	60%	25.6%	6.4%	0.0%	8.0%	0%	145%	15%
Associate - Risk Management	40%	60%	25.6%	6.4%	0.0%	8.0%	0%	145%	15%
Senior Analyst - Investments	30%	70%	13.4%	3.4%	7.2%	6.0%	0%	110%	0%
Senior Analyst - TAA	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	110%	0%
Senior Analyst - Risk Management	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	110%	0%
Analyst - Investments	30%	70%	13.4%	3.4%	7.2%	6.0%	0%	75%	0%
Analyst - TAA	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	75%	0%
Analyst - Risk Management	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	75%	0%
Support and Control Professionals									
Chief Operating Officer	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	90%	40%
General Counsel (pending Chief Compliance Officer)	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	75%	30%
Chief Technology Officer	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	75%	30%
Corporate Counsel & Chief Compliance Officer	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	70%	30%
Managing Director	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	70%	30%
Senior Investment Counsel	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	70%	30%
Senior Director	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	60%	25%
Senior Director - Compliance	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	60%	25%
Director	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	60%	25%
Director- Compliance	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	60%	25%
~~Director - Security; Information Services~~	~~35%~~	~~65%~~	~~22.4%~~	~~5.6%~~	~~0.0%~~	~~7.0%~~	~~0%~~	~~50%~~	~~20%~~

TABLE 2

Benchmarks for Entity and Asset Class and Threshold and Maximum Performance Standards

(For Performance Periods beginning on or after July 1, 20~~20~~24)

Entity and Asset Class	Benchmark	Performance Standards (2) Threshold	Performance Standards (2) Maximum
Entity: Peer Group (Total Endowment Funds)	Peer Group	50th %ile	25th %ile
~~Entity: Benchmark (Total Endowment Funds)~~	~~Policy Portfolio~~	~~+0 bps~~	~~+200 bps~~
~~Entity: Benchmark (Intermediate Term Fund)~~	~~Policy Portfolio~~	~~+0 bps~~	~~+150 bps~~
Public Equity	(1)	+0 bps	+100~~+150~~ bps
Hedge Funds	(1)	+0 bps	+250~~+300~~ bps
Private Equity (excluding Emerging Markets)	(1)	+0 bps	+1,000~~+250~~ bps
Private Equity Emerging Markets	(1)	+0 bps	+250 bps
Investment Grade Fixed Income	(1)	+0 bps	+50 bps
Long Treasuries	(1)	+0 bps	+30 bps
Natural Resources	(1)	+0 bps	+250 bps
~~Infrastructure~~	~~(1)~~	~~+0 bps~~	~~+250 bps~~
Real Estate and Infrastructure	(1)	+0 bps	+800~~+250~~ bps
Strategic Partnerships	(1)	+0 bps	+100~~+130~~ bps

(1) Benchmark will be based on the appropriate benchmark in the respective Investment Policy Statement(s) in effect during each Performance Period.

(2) Any Asset Class that is not listed in the Table but appears in the respective Investment Policy Statement(s) shall have maximum Performance Standards of 0 bps and shall be counted in proportion to its average weight for purposes of Entity Performance in the TEA and ITF.

TABLE 3

Eligible Positions of Affected Participants

(For Performance Periods beginning on or after July 1, 20~~20~~24)

Eligible Positions of Affected Participants
Investment Professionals
CEO, Chief Investment Officer & President
Chief Investment Officer
Deputy Chief Investment Officer
Senior Managing Director
Managing Director
Senior Director
Director
Associate Director
Support and Control Professionals
Chief Operating Officer
General Counsel ~~(pending~~ and Chief Compliance Officer~~)~~
Chief Technology Officer
Chief Human Resources Officer
~~Corporate Counsel & Chief Compliance Officer~~
Managing Director
~~Senior Investment Counsel~~
Senior Director
Director

D-1

Agenda Item
UTIMCO Board of Directors Meeting
June 20, 2024

Agenda Item:	Discussion and Appropriate Action Related to UTIMCO 2024-2025 Budget
Developed By:	Hall, Moeller, Bauer
Presented By:	Hall, Moeller
Type of Item:	Action Item; Action required by UTIMCO Board; further action required by Board of Regents of The University of Texas System (UT Board)
Description:	The Master Investment Management Services Agreement with UTIMCO (IMSA) sets forth the annual budget and management fee requirements. The annual budget includes all estimated expenses associated with the management of the Investment Funds. The annual budget also includes an annual UTIMCO management fee which includes all operating expenses associated with the general management of the Funds, including, without limitation, reasonable salaries, benefits and performance compensation of portfolio management and support personnel, expenses for consulting services, office space lease expenses, office furniture and equipment expenses, professional, legal, payroll, and other general services, travel, insurance, capital expenditures, and other miscellaneous expenses incurred by UTIMCO in connection with the performance of its obligations under the IMSA. At the same time UTIMCO submits its annual budget, it submits to the UT Board an allocation formula for charging the annual budget to the Investment Funds. In addition to the annual budget, UTIMCO submits its capital expenditures budget. During the preparation of the annual budget, a reserve analysis is also prepared. Within 90 days after the end of each fiscal year, in the event that there is a surplus, UTIMCO distributes that portion of the cash reserves as may be directed by the UT Board back to the Funds that generated the surplus. UTIMCO team projects UTIMCO's available cash reserves to be $12 million as documented on page 6 of the presentation, and UTIMCO is recommending that $12 million be distributed back to the Funds. Mr. Hull of the UT System Office of Finance concurs with the recommendation.
Discussion:	Mr. Hall and Ms. Moeller will present the UTIMCO Proposed FY2025 Budget presentation.
Recommendation:	Mr. Hall recommends that the UTIMCO Proposed 2024-2025 Annual Budget, Management Fee Request, and Allocation Schedule be approved as presented.
Reference:	*FY25 Budget* presentation

RESOLUTION RELATED TO BUDGET

RESOLVED, that the UTIMCO Management Fee of $80,289,400 and the Other Direct Fund Costs of $9,032,234 resulting in Total Fees of $89,321,634, Capital Budget of $645,000 and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2024, through August 31, 2025, be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Board of Directors Meeting

FY25 Budget

Richard Hall, CEO & CIO

Joan Moeller, COO

June 20, 2024

Executive Summary

- $74 billion managed by 133 FTE ($1.4B average AUM per each of 54 investors)
- 4.0% annualized return and .6% alpha earned by endowments over last three years ending April 30, 2024
- $12 billion increase in endowment assets over last three years ending April 30, 2024
- Proposed FY25 budget consistent with 2024 Strategic Plan
    - Proposing 133 FTEs
    - $27.2M proposed salaries
    - $89.3M total budget
- FY25 budget projected to be 11.26 bps of AUM, at low end of peer range

FY25 Summary Budget

	FY 2024	FY 2025			FY 2025 Budget Proposed v FY 2024 Budget	
	Budget	Proposed Budget	% of Total Budget	Projected in 2025 Strategic Plan	$	%
UTIMCO Personnel Costs:						
Salaries	24,680,045	27,248,025	**31%**	27,248,025	2,567,980	10.4%
Performance Compensation	21,055,462	25,942,695	**29%**	25,942,695	4,887,233	23.2%
Benefits & Taxes	8,710,966	8,387,046	**9%**	8,387,046	(323,920)	-3.7%
Total UTIMCO Personnel Costs (1)	**$ 54,446,473**	**$ 61,577,766**	**69%**	**$ 61,577,766**	**$ 7,131,293**	**13.1%**
Other UTIMCO Costs:						
Data & Subscriptions (2)	6,996,348	7,493,040	**8%**	7,493,040	496,692	7.1%
Travel	1,330,000	1,500,000	**2%**	1,500,000	170,000	12.8%
Lease Expense & Lease Asset Amortization (3)	3,198,407	3,403,990	**4%**	3,403,990	205,583	6.4%
Depreciation	1,850,000	1,825,000	**2%**	1,825,000	(25,000)	-1.4%
Other Costs (4)	3,857,440	4,489,604	**5%**	4,489,604	632,164	16.4%
Total Other UTIMCO Costs:	**$ 17,232,195**	**$ 18,711,634**	**21%**	**$ 18,711,634**	**$ 1,479,439**	**8.6%**
Total UTIMCO Services Costs:	**$ 71,678,668**	**$ 80,289,400**	**90%**	**$ 80,289,400**	**$ 8,610,732**	**12.0%**
Bps of AUM	**9.59**	**10.12**		**10.12**		
Direct Fund Costs:						
Custodian Fees	4,984,000	5,409,000	**6%**	5,409,000	425,000	8.5%
Other (5)	3,333,799	3,623,234	**4%**	3,623,234	289,435	8.7%
Total Direct Fund Costs	**$ 8,317,799**	**$ 9,032,234**	**10%**	**$ 9,032,234**	**$ 714,435**	8.6%
Bps of AUM	1.11	1.14		1.14		
Grand Total UTIMCO Budget:	**$ 79,996,467**	**$ 89,321,634**		**$ 89,321,634**	**$ 9,325,167**	**11.7%**
Bps of AUM	**10.70**	**11.26**		**11.26**		
AUM projected ($ billion)	$75	$79		$79		
UTIMCO Headcount	133	133		133		

NOTES:

(1) FY25 Budgeted Total Personnel Costs increased by $7.1M or 13.1% from the FY24 Budget primarily as the result of an increase in salaries related to normal merit raises, market catch-up raises, and promotions. Additionally, performance compensation increased primarily as a result of the proposed compensation plan changes.

(2) FY25 Budgeted Data & Subscriptions are higher than the FY24 Budget by $.5M primarily due to the addition of new IT subscriptions ($162k), other new data services and subscriptions ($118k), an increase in the Barra Risk System and related costs ($118k), and inflation-related increases for other current services ($102k).

(3) FY25 Budgeted Lease and Lease Asset Amortization costs are $206k higher than the FY24 Budget. The increase is the result of inflation-related lease operating costs and the addition of lease interest expense relating to the new accounting rules for lease accounting.

(4) Other costs include: Hiring, Recruiting & Relocation ($530k), IT Consulting and Other Contract Services ($2.3mil), IT Service Agreements ($275k), Other Office and Meetings Expense ($425k), Professional Services & Corporate Insurance ($969k)

(5) Other Direct Fund Costs include: Fund Auditors/Accounting fees ($928k), Legal Fees ($1.62mil), Tax Consultants ($399k), Background Searches ($358k), Consultants ($287k)

FY25 Capital Budget

($ in thousands)	FY 2024		FY 2025	FY 2025 Budget v FY 2024 Budget		
	Budget	Forecast	Budget	$	%	Description
Server Room/Telecom/AV & Other Equipment	$ 100	$ 82	$ 520	$ 420	420.0%	Conference Rooms and Firewall LCM
Computer Equipment	$ 125	$ 80	$ 125	$ -	0.0%	Laptops; Monitors
Total Capital Budget	**$ 225**	**$ 162**	**$ 645**	**$ 420**	**186.7%**	

Annual Fee and Allocation Schedule

UTIMCO Management Fee and Direct Budgeted Investment Expenses
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2025

Proposed Budget	PUF	PHF	LTF	GEF	ITF	STF	Separate Funds	Debt Proceeds	Total
Market Value 4/30/24 ($ millions)	35,011			23,857	8,935	4,981	194	620	73,598
UTIMCO Management Fee									
Dollars	41,458,522			28,250,435	10,580,443				80,289,400
Basis Points	11.8			11.8	11.8				10.9
Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund									
Dollars	4,525,045	27,128	30,128	3,105,955	1,343,978				9,032,234
Basis Points	1.3	0.2	0.0	1.3	1.5				1.2

Cash Reserves

Projected Cash Reserves at August 31, 2024:			
Cash		$	50,900,000
Prepaid Expenses			1,750,000
Less: Accounts Payable, Accrued Liabilities			(21,650,000)
Expected Cash Reserves at August 31, 2024		**$**	**31,000,000**
2025 Proposed Operating Budget	80,289,400		
Applicable Percentage	25%		20,072,350
Capital Budget Expenditures			645,000
Depreciation Expense			(1,825,000)
Required Cash Reserves at August 31, 2024		**$**	**18,892,350**
Balance Available for Rebate		**$**	**12,107,650**

Conclusion: Rebate $12M back to the Investment Funds (PUF, GEF, ITF)

- UTIMCO maintains a cash reserve of 25% of the annual operating budget and any excess amounts are returned to the funds
- Conclusion: Rebate $12 million back to the Investment Funds (PUF, GEF, ITF)

Appendix

5-Year Strategic Plan Starting FY25

	5-Year Strategic Plan					
	Budget Request	Projected Budget (to be approved annually by Board)				CAGR
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	2025-29
UTIMCO Personnel Costs:						
Base Salary	27,248,025	29,951,987	32,399,406	34,184,439	34,753,216	*6%*
Performance Comp	25,942,695	31,210,892	33,820,582	35,284,583	36,294,946	*9%*
Benefits and Taxes	8,387,046	9,238,906	9,843,341	10,241,394	10,573,443	*6%*
Total UTIMCO Personnel Costs	**$ 61,577,766**	**$ 70,401,786**	**$ 76,063,329**	**$ 79,710,416**	**$ 81,621,606**	*7%*
Total UTIMCO FTE	*133*	*138*	*143*	*146*	*143*	
Other UTIMCO Costs:						
Data & Subscriptions	7,493,040	8,331,529	9,061,695	9,867,531	10,764,006	*9%*
Travel & Meetings	1,661,940	1,819,622	1,992,707	2,182,720	2,391,336	*10%*
Lease & Lease Asset Amortization	3,403,990	3,451,239	3,476,637	3,412,327	3,532,467	*1%*
Depreciation	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	*0%*
Other Costs	4,327,664	3,744,094	3,672,422	4,266,153	4,148,935	*-1%*
- Contract Svcs & Maint	2,626,128	2,086,874	2,026,162	2,066,178	1,950,196	*-7%*
- Hiring, Relo, Mercer Comp	634,524	592,088	530,372	1,029,387	969,162	*11%*
- Legal	405,000	370,000	385,000	401,000	418,000	*1%*
- Other / Miscellaneous	662,012	695,131	730,889	769,588	811,577	*5%*
Total Other UTIMCO Costs	18,711,634	19,171,483	20,028,462	21,553,732	22,661,745	*5%*
Y-O-Y Increase (%)	*9%*	*2%*	*4%*	*8%*	*5%*	
Total UTIMCO Costs	**$ 80,289,400**	**$ 89,573,269**	**$ 96,091,791**	**$ 101,264,148**	**$ 104,283,350**	*7%*
Y-O-Y Increase (%)	*12%*	*12%*	*7%*	*5%*	*3%*	
Bps of AUM	10.12	10.67	10.82	10.77	10.48	
Direct Fund Costs						
Custodian Fees	5,409,000	5,679,450	5,963,423	6,261,594	6,574,673	*5%*
Other	3,623,234	3,833,363	4,056,698	4,294,366	4,547,500	*6%*
Total Fund Costs	**$ 9,032,234**	**$ 9,512,813**	**$ 10,020,120**	**$ 10,555,959**	**$ 11,122,174**	*5%*
Y-O-Y Increase (%)	*9%*	*5%*	*5%*	*5%*	*5%*	
Bps of AUM	1.14	1.13	1.13	1.12	1.12	
Grand Total UTIMCO Budget	**$ 89,321,634**	**$ 99,086,082**	**$ 106,111,911**	**$ 111,820,107**	**$ 115,405,524**	*7%*
Y-O-Y Increase (%)	*12%*	*11%*	*7%*	*5%*	*3%*	
Bps of AUM	11.26	11.81	11.95	11.90	11.60	
Projected AUM ($B)	**$79**	**$84**	**$89**	**$94**	**$100**	

FY25 Budget vs. FY24 Budget

Reconciliation of FY25 to FY24 budgets

- Total Budget increase of $9.3M or 11.7%.
- Total Personnel Costs of $61.6M vs. $54.5M, an increase of $7.1M or 13.1% (includes salaries, performance compensation, payroll taxes, benefits and employee development)
  - 29 Promotions - $1.7M
  - Market Adjustments and Merit Raises - $5.5M
  - Increase in employee benefits, payroll taxes, and earnings on deferrals - $.7M
  - Decrease in payroll excise taxes - ($.8M)
- Data & Subscriptions increased by $.5M or 7.1%
  - Shift to utilizing more Subscription-Based Information Technology - $162k
    - Realized savings of around $500k every 3 to 5 years in hardware costs that are no longer needed for Disaster Recovery or office phone system
    - Annual savings on Maintenance Agreements costs of $150k as the result of this shift
  - Additional licenses for team members to have access to various financial data services - $118k
  - Increase in the Barra risk system and related new services - $118k
  - Inflation-related increases to existing services - $102k

FY25 Budget vs. FY24 Budget (continued)

Reconciliation of FY25 to FY24 budgets

- Travel Costs increased by $170k or 12.8% primarily because of the inflation-related impact on travel costs

- Office Lease and Lease Asset Amortization Expense increased by $206k or 6.4% because of inflation-related lease operating costs and the addition of lease interest expense relating to the new accounting rules for leases; Depreciation Expense decreased by ($25k) or (1.4%) as some assets become fully depreciated

- Other Costs increased by $632k or 16.4%
  - IT Consulting and other Contract Services increased by $860k
  - Hiring, Recruiting, and Relocation decreased by ($468k)
  - Professional Fees and various other costs increased by $240k

- Direct Fund Costs increased by $714k or 8.6%
  - Legal Expenses increased by $120k
  - Accounting Fees increased by $37k
  - Custodian-Related Costs increased by $425k
  - Background Searches increased by $40k
  - Various other costs increased by $92k

Potential Savings Opportunities

If necessary, several areas could be sources of cost savings

- New Hires:
  - Slowing the pace of hiring 10 vacant FTEs could save some of the $1.7M budget for those positions.
  - Deferring hiring would also reduce some of the $.4M of Hiring Consultants and Relocation costs.
  - Continue to evaluate the effect of IT modernization on future new FTE hires.
- Travel:
  - Travel expenses can be reduced by continuing to conduct some manager meetings virtually rather than in person.
- IT Contract Services:
  - Delaying or slowing down modernization of legacy applications and data infrastructure.