

Financial Statements

and Independent Auditor's Report

The University of Texas System

Intermediate Term Fund

*Years Ended August 31, 2024 and 2023*

The University of Texas System Intermediate Term Fund

Financial Statements

Years Ended August 31, 2024 and 2023

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Regents of The University of Texas System  
To the Board of Directors of The University of Texas/Texas A&M Investment  
Management Company

### **Opinion**

We have audited the financial statements of The University of Texas System Intermediate Term Fund (the "Fund"), as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of August 31, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of The University of Texas System, as of August 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

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

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule - Financial Highlights for each of the five years in the period ended August 31, 2024 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplemental Schedule - Financial Highlights is fairly stated in all material respects in relation to the financial statements as a whole.

*Deloitte & Touche LLP*

October 31, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**

Our discussion and analysis of The University of Texas System Intermediate Term Fund's (Fund) financial performance provides an overview of its activities for the years ended August 31, 2024 and 2023. This discussion was prepared by The University of Texas/Texas A&M Investment Management Company (UTIMCO) and should be read in conjunction with the Fund's financial statements and notes. The Fund, created February 1, 2006, is an internal University of Texas System (UT System) pooled investment fund for the investment of operating funds and other intermediate and long-term funds held by the UT System institutions and UT System Administration. The Fund was created to improve the efficiency of operating funds management and to improve investment returns on UT System operating reserves. The Texas Constitution and various state statutes designate The University of Texas System Board of Regents (UT Board) as the fiduciary for the management of certain public endowment and operating funds. The UT Board has entered into a Master Investment Management Services Agreement delegating investment management responsibility for all investments to UTIMCO.

The purpose of the MD&A is to provide an objective and easily readable analysis of the Fund's financial statements based upon currently known facts, decisions and conditions.

**Financial Highlights**

The Fund's net position, after contributions, withdrawals, and distributions increased by \$69.9 million from \$8,670.7 million to \$8,740.6 million or by approximately 0.81% for the year ended August 31, 2024, compared to a decrease of \$4.1 million or approximately 0.05% for the year ended August 31, 2023. The change in net position from year to year is mainly attributable to the following:

1. Net participant withdrawals from the Fund were \$750.6 million for the year ended August 31, 2024, compared to net withdrawals of \$108.2 million for the year ended August 31, 2023.
2. The Fund posted a net investment gain of 12.91%, calculated using the Modified Dietz Method as described by the CFA Institute, for the year ended August 31, 2024. Investments in developed and emerging markets public equity, and directional and stable value hedge funds were the biggest contributors to the 2024 returns. For the year ended August 31, 2023, the Fund posted a net investment gain of 4.28%. Investments in developed public equity and directional hedge funds were the biggest contributors.
3. The Fund's distribution rate was 3.0% per year, or 0.25% per month, for the years ended August 31, 2024 and 2023. Distributions from the Fund were \$264.6 million for the year ended August 31, 2024 compared to the \$263.7 million distributed for the year ended August 31, 2023.

**THE UNIVERSITY OF TEXAS SYSTEM  
INTERMEDIATE TERM FUND**

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**Use of Financial Statements and Notes**

The Fund's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Fund's activities are accounted for as an investment trust fund, therefore two financial statements are typically required under GASB: the statement of net position and the statement of changes in net position.

The notes to the financial statements contain supplemental information that is essential for the fair presentation of the financial statements.

**Statements of Net Position**

The statements of net position present assets, liabilities, and the net position of the Fund as of the end of the year. These statements, along with all of the Fund's financial statements, are prepared using the accrual basis of accounting, whereby Fund investment income is recognized when earned and Fund expenses are recognized when incurred.

The Fund invests in a broad mix of investments and is actively managed to its benchmark, the Policy Portfolio. The return of the Policy Portfolio is the sum of the weighted benchmark returns for each asset class. UTIMCO allocates the Fund's assets to internally and externally managed portfolios in accordance with approved asset allocation policies and attempts to preserve the purchasing power of Fund assets by earning a compound annualized return over rolling three year-periods, net of all direct and allocated expenses, of at least inflation as measured by the Consumer Price Index plus 3%. In doing so, UTIMCO increases the operating resources available to the UT System institutions which invest in the Fund.

The following summarizes the statements of net position (in millions):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Investments, at Fair Value	\$ 8,827.5	\$ 8,899.8	\$ 8,857.9
Other Assets	557.6	349.8	428.6
<b>Total Assets</b>	<u>9,385.1</u>	<u>9,249.6</u>	<u>9,286.5</u>
<b>Total Liabilities</b>	644.5	578.9	611.7
<b>Net Position Restricted for Participants</b>	<u>\$ 8,740.6</u>	<u>\$ 8,670.7</u>	<u>\$ 8,674.8</u>

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**Statements of Changes in Net Position**

Changes in net position as presented on the statements of changes in net position are based on activity of the Fund. The purpose of these statements is to present additions to the Fund resulting from net investment income and participant contributions and to present deductions from the Fund resulting from participant withdrawals and distributions.

The net increase in fair value of investments of the Fund was \$1,011.3 million during the year ended August 31, 2024 compared to the net increase in fair value of investments of \$289.5 million for the year ended August 31, 2023. Investment expenses totaled \$16.9 million, \$17.4 million, and \$21.2 million respectively, for the years ended August 31, 2024, 2023 and 2022.

The Fund's primary objective is to maximize investment returns within the risk parameters specified in its investment policy statement without regard to the distribution rate.

Distributions to participants totaled \$264.6 million, \$263.7 million, and \$290.6 million, respectively, for the years ended August 31, 2024, 2023 and 2022. Cash distributions are paid monthly based on a 3% annual distribution rate.

The following summarizes the statements of changes in net position (in millions):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Investment Income (Loss)	\$ 1,102.1	\$ 385.3	\$ (756.0)
Less Investment Expenses	16.9	17.4	21.2
<b>Net Investment Income (Loss)</b>	<u>1,085.2</u>	<u>367.9</u>	<u>(777.2)</u>
Participant Contributions	583.3	640.2	1,078.5
<b>Total Additions</b>	<u>1,668.5</u>	<u>1,008.1</u>	<u>301.3</u>
UT System Oversight Fee	0.1	0.1	0.1
Participant Withdrawals	1,333.9	748.4	1,535.4
Participant Distributions	264.6	263.7	290.6
<b>Total Deductions</b>	<u>1,598.6</u>	<u>1,012.2</u>	<u>1,826.1</u>
<b>Change in Net Position</b>	69.9	(4.1)	(1,524.8)
<b>Net Position Restricted for Participants, Beginning of Year</b>	<u>8,670.7</u>	<u>8,674.8</u>	<u>10,199.6</u>
<b>Net Position Restricted for Participants, End of Year</b>	<u><u>\$ 8,740.6</u></u>	<u><u>\$ 8,670.7</u></u>	<u><u>\$ 8,674.8</u></u>

**Contacting UTIMCO**

The above financial highlights are designed to provide a general overview of the Fund's investment results and insight into the following financial statements. Additional information may be found on our website and inquiries may be directed to UTIMCO via [www.utimco.org](http://www.utimco.org).



**THE UNIVERSITY OF TEXAS SYSTEM**  
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**Statements of Net Position**

*August 31, 2024 and 2023*

*(Dollars in thousands, except for per unit amounts)*

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Investments, at Fair Value:		
Equity Securities	\$ 409,851	\$ 417,594
Foreign Preferred Stock	5,322	5,848
Debt Securities	1,493,624	1,617,414
Investment Funds	6,314,708	6,207,870
Purchased Options	961	6,065
Cash and Cash Equivalents	602,996	645,008
Total Investments	<u>8,827,462</u>	<u>8,899,799</u>
Collateral for Securities Loaned, at Fair Value	162,475	80,552
Deposit with Brokers for Derivative Contracts	62,056	56,146
Futures Contracts, at Fair Value	145	2,154
Swaps, at Fair Value	31,922	20,577
Unrealized Gains on Foreign Exchange Contracts	9,651	13,989
Receivables:		
Investment Securities Sold	277,757	164,892
Accrued Income	13,626	11,456
Other	52	52
Total Receivables	<u>291,435</u>	<u>176,400</u>
<b>Total Assets</b>	<u>9,385,146</u>	<u>9,249,617</u>
<b>Liabilities</b>		
Payable Upon Return of Securities Loaned	162,475	80,552
Payable to Brokers for Collateral Held	22,623	26,195
Options Written, at Fair Value	1,822	6,424
Futures Contracts, at Fair Value	1,498	608
Swaps, at Fair Value	28,900	26,657
Unrealized Losses on Foreign Exchange Contracts	11,056	9,678
Payables:		
Investment Securities Purchased	391,759	403,296
Distributions Payable	21,543	21,818
Other	2,853	3,701
Total Payables	<u>416,155</u>	<u>428,815</u>
<b>Total Liabilities</b>	<u>644,529</u>	<u>578,929</u>
<b>Net Position Restricted for Participants (62,182,060 Units and 67,620,528 Units, respectively)</b>	<u>\$ 8,740,617</u>	<u>\$ 8,670,688</u>
<b>Net Position Restricted for Participants Per Unit</b>	<u>\$ 140.565</u>	<u>\$ 128.226</u>

*The accompanying notes are an integral  
part of these financial statements*

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**Statements of Changes in Net Position**

*Years Ended August 31, 2024 and 2023*

*(in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Additions</b>		
Investment Income:		
Net Increase in Fair Value of Investments	\$ 1,011,336	\$ 289,472
Interest	75,308	78,192
Dividends	14,995	16,912
Securities Lending Income	312	640
Other	<u>138</u>	<u>72</u>
Total Investment Income	1,102,089	385,288
Less Investment Expenses:		
UTIMCO Management Fee	10,147	9,937
Investment Management Fees	5,385	6,220
Custodial Fees and Expenses	846	710
Other Expenses	<u>494</u>	<u>503</u>
Total Investment Expenses	<u>16,872</u>	<u>17,370</u>
Net Investment Income	1,085,217	367,918
Participant Contributions	<u>583,328</u>	<u>640,208</u>
<b>Total Additions</b>	1,668,545	1,008,126
<b>Deductions</b>		
Administrative Fee for UT System Oversight	106	127
Participant Withdrawals	1,333,934	748,406
Participant Distributions	<u>264,576</u>	<u>263,699</u>
<b>Total Deductions</b>	<u>1,598,616</u>	<u>1,012,232</u>
Change in Net Position	69,929	(4,106)
Net Position Restricted for Participants, Beginning of Year	<u>8,670,688</u>	<u>8,674,794</u>
<b>Net Position Restricted for Participants, End of Year</b>	<u><b>\$ 8,740,617</b></u>	<u><b>\$ 8,670,688</b></u>

*The accompanying notes are an integral  
part of these financial statements*

**Note 1 – Organization and Basis of Presentation**

(A) The University of Texas System Intermediate Term Fund (Fund) is a pooled investment fund established for the collective investment of operating funds and other short and intermediate term funds held by the 14 University of Texas System (UT System) institutions and UT System Administration, the participants. The Fund was established February 1, 2006, by the Board of Regents of UT System (UT Board). Fiduciary responsibility for the Fund rests with the UT Board. The day-to-day operational responsibilities of the Fund are delegated to The University of Texas/Texas A&M Investment Management Company (UTIMCO), pursuant to a Master Investment Management Services Agreement with the UT Board.

(B) The Fund financial statements represent the standalone investment activities included within UT System’s consolidated financial statements. The Fund’s inflows are primarily investment income and contributions from participants. For standalone purposes, the Fund financial statements are presented as an investment trust fund reporting under the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of cash flows. The accounting policies of the Fund conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the requirements of the Governmental Accounting Standards Board (GASB).

The annual consolidated financial statements of UT System are prepared in accordance with the Texas Comptroller of Public Accounts’ Annual Financial Reporting Requirements and include the investment activity of the Fund. The accompanying financial statements of the Fund may differ in presentation from the Texas Comptroller of Public Accounts’ Annual Financial Reporting Requirements and the UT System standalone consolidated financial statements since certain activity is eliminated in consolidation.

(C) Management has evaluated subsequent events through October 31, 2024, the date the financial statements were available to be issued. No subsequent events requiring adjustment to, or disclosure in, the financial statements were identified as a result of this evaluation.

**Note 2 – Significant Accounting Policies**

(A) ***Fair Value Measurements*** -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs of fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect management’s assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

*Notes to Financial Statements (cont.)*

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The three levels of the hierarchy of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

Investments with readily determinable fair values are primarily valued on the basis of market valuations provided by independent pricing services.

Debt securities, including corporate obligations and government and provincial obligations, and convertible securities held directly by the Fund are fair valued based upon prices supplied by Intercontinental Exchange Data Services and other major fixed income pricing services, external broker quotes and internal pricing matrices. U.S. government obligations valued based on unadjusted prices in active markets are categorized as Level 1. Debt and convertible securities valued based on multiple quotations or models utilizing observable market inputs are categorized as Level 2; otherwise they would be categorized as Level 3.

Equity securities, including common and preferred stock, and publicly traded mutual fund fair values are based on the closing price on the primary exchange on which they are traded (if a closing price is not available, the average of the last reported bid and ask price is used). When these securities are actively traded they are categorized as Level 1. In the event that a stock is not actively traded or a closing price is unavailable on a national or international exchange, the last available price per the exchange would be utilized and the security would be categorized as Level 2.

GAAP permits management to fair value certain investments that do not have a readily determinable fair value using the investment's net asset value per share or ownership interest in partners' capital as a practical expedient. Investments valued in this manner are not classified in the fair value hierarchy.

Hedge funds and public market investment funds are fair valued by management based on net asset value information provided by the investment managers as well as consideration of any other information provided by the investment managers or other sources.

**(B) Foreign Currency Translation** -- The accounting records of the Fund are maintained in U.S. dollars. Investments in securities and other assets and liabilities are fair valued at the daily rates of exchange on the valuation date. Purchases and sales of securities of foreign entities and the related income receipts and expense payments are translated into U.S. dollars at the exchange rate on the dates of the transactions. The Fund does not isolate that portion of the results of the change in net position resulting from changes in foreign exchange rates on investments from fluctuations arising from changes in the fair value of investments held on the statements of net position. Such fluctuations are included with the net increase in fair value of investments on the statements of changes in net position.

**(C) Investment Income and Investment Expenses** -- Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date. Dividend and interest income are recorded net of foreign taxes where recovery of such taxes is not assured. Investment income includes net realized and unrealized currency gains and losses recognized between accrual and payment dates on dividend and interest transactions. Investment expenses are recorded on the accrual basis as incurred.

# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

*Notes to Financial Statements (cont.)*

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**(D) Security Transactions** -- Security transactions are recorded on a trade date basis. Gains and losses on securities sold are determined on the basis of average cost.

**(E) Distributions to Participants** -- Cash distributions to participants are paid monthly based on a percentage rate established by the UT Board. For the years ended August 31, 2024 and 2023, the annual distribution rate was 3.0%.

**(F) Fund Valuation** -- Valuation of the Fund's units occurs on a monthly basis. Unit values are determined by dividing the Fund's net position by the number of units outstanding on the valuation date.

**(G) Purchases and Redemption of Units** -- Unit purchases and redemptions occur on the first business day of each month. The value of participating units, upon admission to the Fund, is based upon the fair value of net position held as of the monthly valuation date. Redemptions from the Fund will also be made at the fair value price per unit at the monthly valuation date at the time of the redemption. There are no transaction costs incurred by participants for the purchase or redemption of units.

**(H) Participants' Net Position** -- All participants in the Fund have a proportionate interest in the Fund's restricted net position.

**(I) Use of Estimates** -- The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

**(J) Derivative Instruments** -- Derivatives are financial instruments whose fair value is derived, in whole or part, from the fair value of any one or more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities, or currencies. The Fund from time to time uses various derivative instruments, as allowed under the UT Board approved derivative investment policy guidelines. Derivative instruments included under these policies include futures, foreign exchange contracts, swaps and various forms of options. Futures contracts and foreign exchange contracts are fair valued at closing market prices on the valuation date. Futures contracts actively traded are categorized as Level 1 and foreign exchange contracts are not actively traded and therefore categorized as Level 2. Options and swaps are fair valued by using independent broker quotes or using models with primarily externally verifiable model inputs. Options actively traded are categorized as Level 1, otherwise options and swaps are generally categorized as Level 2.

Derivative instruments in the Fund are used to achieve the following objectives:

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

# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

*Notes to Financial Statements (cont.)*

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Through the use of derivative instruments, the complex risks that are bound together in traditional investments can be separated and managed independently. The primary intent of the Fund's investment in derivative instruments is to manage and implement investment strategies more effectively and at a lower cost than would be possible in the cash market. All of the Fund's derivative instruments are considered investment derivatives, and therefore do not qualify for hedge accounting; all changes in fair value are included in the net increase in fair value of investments in the statements of changes in net position.

*Options Written* -- When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments and are included in the net increase in fair value of investments in the statements of changes in net position. The difference between the premium and the amount paid on effecting a closing transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing transaction, as a realized loss and are included in the net increase in fair value of investments in the statements of changes in net position. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund.

The Fund as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option. Written options are marked to market on a daily basis, and are included as a liability on the statements of net position.

*Swaps* -- The Fund invests in certain types of swaps to increase or decrease its exposure to long-term interest rates, certain commodity and equity sector returns, market events, and currency fluctuations. Swaps are agreements between two parties to exchange periodic payments on the notional value of the contract multiplied by a stated fixed interest rate versus a stated floating interest rate, or on a commodity or equity sector return versus a specified cost per contract. Swaps are marked to market on a daily basis, and are included at fair value on the statements of net position. Initial margin requirements are satisfied by the segregation of specific securities as collateral for the account of the counterparty to the transactions. Cash flows may occur when a swap is opened, when it resets, if or when it is prematurely terminated by both parties to the agreement, and when it reaches maturity. The frequency of the resets is defined by the terms of the particular swap agreement, and varies based on instrument and counterparty. These instruments involve market and/or credit risk in excess of the amount recognized in the statements of net position. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities fair values and interest rates.

# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

*Notes to Financial Statements (cont.)*

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*Futures Contracts* -- The Fund enters into futures contracts to facilitate various trading strategies, primarily as a tool to increase or decrease market exposure to various asset classes. Upon entering into a futures contract, initial margin deposit requirements are satisfied by the segregation of specific securities as collateral for the account of the broker (the Fund's agent in acquiring the futures position). During the period the futures positions are open, the contracts are marked to market daily; that is, they are fair valued at the close of business each day, and a gain or loss is recorded between the fair value of the contracts that day and on the previous day. The daily gain or loss is referred to as the daily variation margin which is settled in cash with the broker each morning for the amount of the previous day's mark to market. The amount that is settled in cash with the broker each morning is the fair value of the futures contracts, and is included on the statements of net position. The Fund executes such contracts either on major exchanges or with major international financial institutions and minimizes market and credit risk associated with these contracts through the managers' various trading and credit monitoring techniques.

*Foreign Exchange Contracts* -- The Fund enters into forward foreign exchange contracts to manage against foreign exchange rate risks on its non-U.S. dollar denominated investment securities and to facilitate trading strategies primarily as a tool to increase or decrease market exposure to various foreign currencies. When entering into a foreign exchange contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are fair valued daily and the Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statements of net position. Realized and unrealized gains and losses are included in the net increase in fair value of investments in the statements of changes in net position. These instruments involve market and/or credit risk in excess of the amount recognized in the statements of net position. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities fair values and interest rates.

**(K) *Cash and Cash Equivalents*** -- Cash and cash equivalents consist of money market investments, foreign currencies and other overnight funds. Cash and cash equivalents are an integral part of the Fund's investment activities, and as such are included in the investments balance on the statements of net position. Investments in public money market funds are categorized as Level 1 and the remainder are categorized as level 2.

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

Note 3 – Investments and Investment Derivatives

The following tables reflect fair value measurements of investments and investment derivatives as of August 31, 2024 and 2023, respectively, as categorized by the level of the fair value hierarchy:

	Fair Value as of August 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
<b>Equity Securities:</b>				
Domestic Common Stock	\$ 228,606,410	\$ 228,606,410	\$ -	\$ -
Foreign Common Stock	181,244,222	181,243,756	466	-
Other Equities	156	156	-	-
<b>Total Equity Securities</b>	<b>409,850,788</b>	<b>409,850,322</b>	<b>466</b>	<b>-</b>
<b>Foreign Preferred Stock</b>	<b>5,322,023</b>	<b>5,322,023</b>	<b>-</b>	<b>-</b>
<b>Debt Securities:</b>				
U.S. Government Obligations	1,073,756,320	884,374,443	189,381,877	-
Foreign Government and Provincial Obligations	272,825,952	-	272,825,952	-
Corporate Obligations	146,628,497	-	146,628,497	-
Other	412,864	-	412,864	-
<b>Total Debt Securities</b>	<b>1,493,623,633</b>	<b>884,374,443</b>	<b>609,249,190</b>	<b>-</b>
<b>Purchased Options</b>	<b>961,519</b>	<b>359,357</b>	<b>602,162</b>	<b>-</b>
<b>Investment Funds:</b>				
Developed Public Equity	220,094,944	220,094,944	-	-
Emerging Markets Public Equity	169,576	169,576	-	-
<b>Total Investment Funds</b>	<b>220,264,520</b>	<b>220,264,520</b>	<b>-</b>	<b>-</b>
<b>Cash Equivalents</b>	<b>588,815,019</b>	<b>582,760,534</b>	<b>6,054,485</b>	<b>-</b>
<b>Total Investments by Fair Value Level</b>	<b>2,718,837,502</b>	<b>\$ 2,102,931,199</b>	<b>\$ 615,906,303</b>	<b>\$ -</b>
<b>Cash</b>	<b>14,180,749</b>			
<b>Investments Funds Fair Valued Using Practical Expedient:</b>				
Hedge Funds	5,380,782,919			
Public Markets	713,660,362			
<b>Investments Funds Fair Valued Using Practical Expedient</b>	<b>6,094,443,281</b>			
<b>Total Investments, at Fair Value</b>	<b>\$ 8,827,461,532</b>			

  

	Fair Value as of August 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment Derivatives</b>				
Foreign Exchange Contracts	\$ (1,404,273)	\$ -	\$ (1,404,273)	\$ -
Futures Contracts	(1,353,317)	(1,353,317)	-	-
Swaps	3,021,700	-	3,021,700	-
Written Options	(1,821,903)	-	(1,821,903)	-
<b>Investment Derivatives</b>	<b>\$ (1,557,793)</b>	<b>\$ (1,353,317)</b>	<b>\$ (204,476)</b>	<b>\$ -</b>



THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

	Fair Value Measurements Using			
	Fair Value as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
<b>Equity Securities:</b>				
Domestic Common Stock	\$ 192,219,791	\$ 192,219,791	\$ -	\$ -
Foreign Common Stock	224,542,872	224,542,063	809	-
Other Equities	831,430	831,430	-	-
<b>Total Equity Securities</b>	<b>417,594,093</b>	<b>417,593,284</b>	<b>809</b>	<b>-</b>
<b>Foreign Preferred Stock</b>	<b>5,848,035</b>	<b>5,848,035</b>	<b>-</b>	<b>-</b>
<b>Debt Securities:</b>				
U.S. Government Obligations	1,145,637,979	963,083,289	182,554,690	-
Foreign Government and Provincial Obligations	336,371,222	-	336,371,222	-
Corporate Obligations	135,005,768	-	135,005,768	-
Other	398,551	-	398,551	-
<b>Total Debt Securities</b>	<b>1,617,413,520</b>	<b>963,083,289</b>	<b>654,330,231</b>	<b>-</b>
<b>Purchased Options</b>	<b>6,064,734</b>	<b>2,507,797</b>	<b>3,556,937</b>	<b>-</b>
<b>Investment Funds:</b>				
Developed Public Equity	212,699,970	212,699,970	-	-
Emerging Markets Public Equity	2,606,657	2,606,657	-	-
<b>Total Investment Funds</b>	<b>215,306,627</b>	<b>215,306,627</b>	<b>-</b>	<b>-</b>
<b>Cash Equivalents</b>	<b>621,246,113</b>	<b>519,297,379</b>	<b>101,948,734</b>	<b>-</b>
<b>Total Investments by Fair Value Level</b>	<b>2,883,473,122</b>	<b>\$ 2,123,636,411</b>	<b>\$ 759,836,711</b>	<b>\$ -</b>
<b>Cash</b>	<b>23,762,313</b>			
<b>Investments Funds Fair Valued Using Practical Expedient:</b>				
<b>Hedge Funds</b>	<b>5,309,820,833</b>			
<b>Public Markets</b>	<b>682,742,924</b>			
<b>Investments Funds Fair Valued Using Practical Expedient</b>	<b>5,992,563,757</b>			
<b>Total Investments, at Fair Value</b>	<b>\$ 8,899,799,192</b>			

	Fair Value Measurements Using			
	Fair Value as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment Derivatives</b>				
Foreign Exchange Contracts	\$ 4,310,731	\$ -	\$ 4,310,731	\$ -
Futures Contracts	1,545,224	1,545,224	-	-
Swaps	(6,080,105)	-	(6,080,105)	-
Written Options	(6,423,709)	-	(6,423,709)	-
<b>Investment Derivatives</b>	<b>\$ (6,647,859)</b>	<b>\$ 1,545,224</b>	<b>\$ (8,193,083)</b>	<b>\$ -</b>

See Note 5 for fair value categorization of collateral for securities loaned.

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

Investment funds fair valued at net asset value per share or based on the Fund's ownership interest in partners' capital include externally managed funds, limited partnerships, and corporate structures, which are generally unrated and may be unregulated. The composition of investment funds that are fair valued using a practical expedient at August 31, 2024 and 2023, is summarized in the following tables below as they are included within the asset mix of the Fund.

Investment Funds:	Fair Value as of August 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Hedge Funds:</b>				
<b>Directional</b>				
Redeemable Within One Year	\$ 1,657,993,449	\$ -	Monthly to Annually	45 - 90 Days
Redeemable Beyond One Year	828,874,361	-	Monthly to Annually	45 - 90 Days
Nonredeemable	600,942,715	631,717,650	Not Applicable	Not Applicable
<b>Total Directional</b>	<u>3,087,810,525</u>	<u>631,717,650</u>		
<b>Stable Value</b>				
Redeemable Within One Year	1,059,761,438	-	Monthly to Semi-Annually	1 - 100 Days
Redeemable Beyond One Year	919,651,253	-	Monthly to Semi-Annually	5 - 100 Days
Nonredeemable	313,559,703	238,929,426	Not Applicable	Not Applicable
<b>Total Stable Value</b>	<u>2,292,972,394</u>	<u>238,929,426</u>		
<b>Total Hedge Funds</b>	<u>5,380,782,919</u>	<u>870,647,076</u>		
<b>Public Markets:</b>				
<b>Developed Public Equity</b>				
Redeemable Within One Year	477,710,370	-	Daily to Quarterly	5 - 60 Days
Redeemable Beyond One Year	26,160,935	-	Monthly to Quarterly	45 - 60 Days
Nonredeemable	773,406	1,158,046	Not Applicable	Not Applicable
<b>Total Developed Public Equity</b>	<u>504,644,711</u>	<u>1,158,046</u>		
<b>Emerging Markets Public Equity</b>				
Redeemable Within One Year	198,270,876	-	Daily to Quarterly	1 - 120 Days
Redeemable Beyond One Year	7,527,110	-	Monthly	60 Days
Nonredeemable	3,217,665	-	Not Applicable	Not Applicable
<b>Total Emerging Markets Public Equity</b>	<u>209,015,651</u>	<u>-</u>		
<b>Total Public Markets</b>	<u>713,660,362</u>	<u>1,158,046</u>		
<b>Total Investment Funds</b>	<u>\$ 6,094,443,281</u>	<u>\$ 871,805,122</u>		

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

Investment Funds:	Fair Value as of August 31, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Hedge Funds:</b>				
<b>Directional</b>				
Redeemable Within One Year	\$ 1,486,906,404	\$ -	Monthly to Annually	30 - 90 Days
Redeemable Beyond One Year	993,408,158	-	Quarterly-Annually	30 - 90 Days
Nonredeemable	661,314,964	273,267,001	Not Applicable	Not Applicable
<b>Total Directional</b>	<u>3,141,629,526</u>	<u>273,267,001</u>		
<b>Stable Value</b>				
Redeemable Within One Year	1,114,625,254	-	Monthly to Annually	5 - 100 Days
Redeemable Beyond One Year	791,246,182	-	Monthly to Semi-Annually	5 - 100 Days
Nonredeemable	262,319,871	151,768,501	Not Applicable	Not Applicable
<b>Total Stable Value</b>	<u>2,168,191,307</u>	<u>151,768,501</u>		
<b>Total Hedge Funds</b>	<u>5,309,820,833</u>	<u>425,035,502</u>		
<b>Public Markets:</b>				
<b>Developed Public Equity</b>				
Redeemable Within One Year	490,275,589	-	Daily to Annually	5 - 105 Days
Redeemable Beyond One Year	25,188,449	-	Monthly to Annually	45 - 105 Days
Nonredeemable	109,389	2,119,534	Not Applicable	Not Applicable
<b>Total Developed Public Equity</b>	<u>515,573,427</u>	<u>2,119,534</u>		
<b>Emerging Markets Public Equity</b>				
Redeemable Within One Year	151,377,690	-	Daily to Semi-Annually	1 - 120 Days
Redeemable Beyond One Year	15,596,108	-	Monthly to Semi-Annually	60 Days
Nonredeemable	195,699	1,696,209	Not Applicable	Not Applicable
<b>Total Emerging Markets Public Equity</b>	<u>167,169,497</u>	<u>1,696,209</u>		
<b>Total Public Markets</b>	<u>682,742,924</u>	<u>3,815,743</u>		
<b>Total Investment Funds</b>	<u>\$ 5,992,563,757</u>	<u>\$ 428,851,245</u>		

The Fund invests in hedge funds through unit interests in investment pools established in the name of the UT Board. Amounts presented in the Fund's financial statements and related note disclosures represent the Fund's pro-rata share of these investment pool assets. The hedge fund pools are invested in private funds with external investment managers who invest in equity and fixed income securities, including related derivatives, of both domestic and international issuers. These investment managers may invest in both long and short securities and may utilize leverage in their portfolios. Certain funds are subject to a lock-up restriction of typically one to three years before the investment may be withdrawn from the manager without significant penalty. The amounts shown as nonredeemable are considered to be illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. There are certain risks associated with these private funds, some of which include investment manager risk, market risk, and liquidity risk, as well as the risk of utilizing leverage in the portfolios. The hedge fund pools have committed \$2,410,582,206 of future funding to various hedge fund investments as of August 31, 2024 of which the Fund's pro-rata portion is \$870,647,076.

# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

*Notes to Financial Statements (cont.)*

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Public market funds are invested in publicly traded mutual funds and private placements with external investment managers who invest in equity and fixed income securities, including related derivatives, of both domestic and international issuers. These funds are characterized as public market funds based on individual risk/return characteristics and their relationship to the overall asset mix of the Fund. Some of these investment managers may invest in both long and short securities and may utilize leverage in their portfolios. Certain funds are subject to a lock-up restriction of typically one to three years before the investment may be withdrawn from the manager without significant penalty. The amounts shown as nonredeemable are considered to be illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. Certain of these investments are held through limited liability companies of which UTIMCO is the manager. There are certain risks associated with these investments, some of which are investment manager risk, market risk, and liquidity risk, as well as the risk of utilizing leverage in the portfolios. Future fundings in the amount of \$22,571,991, of which the Fund's pro-rata portion is \$1,158,046, have been committed to certain public market funds as of August 31, 2024.

Hedge funds and public market funds include investments in private placement vehicles that are subject to risk which could result in the loss of invested capital. The risks include the following:

- *Key personnel risk* -- The success of certain funds is substantially dependent on key investment managers and the loss of those individuals may adversely impact the fund's performance.
- *Liquidity risk* -- Many of the Fund's investment funds may impose lock-up periods which would cause the Fund to incur penalties to redeem its units or prevent the Fund from redeeming its shares until a certain period of time has elapsed.
- *Limited transparency* -- As private placement investment vehicles, these funds may not disclose the holdings of their portfolios.
- *Investment strategy risk* -- These funds often employ sophisticated investment strategies and may use leverage which could result in the loss of invested capital.

Investments in hedge funds and public market funds are also subject to the investment risks discussed in Note 4. Fixed income investments held by these funds would also be subject to credit risk and interest rate risk; moreover, they may invest in securities whose fair values would be sensitive to changes in interest rates.

### **Note 4 – Investment Risk**

The investment risk disclosure that follows relates to the Fund's investments before securities lending transactions and the investment of cash collateral. Disclosures relating to securities lending are provided in Note 5. Risk disclosures relating to the Fund's investments in hedge funds and public market funds are discussed in Note 3.

# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

*Notes to Financial Statements (cont.)*

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### (A) *Credit Risk*

Article VII, Section 11b of the Texas Constitution authorizes the UT Board, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the “PUF”) in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the UT Board, 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 of the assets of the Fund rather than a single investment. Pursuant to Section 51.0031(c) of the Texas Education Code, the UT Board has elected the prudent investor standard to govern its management of the Fund.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The Fund’s investment policy does not provide specific requirements or limitations regarding investment ratings. Per GASB Statement No. 40 (GASB 40), *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. GASB 40 also provides that securities with split ratings, or a different rating assignment between NRSROs, are disclosed using the rating indicative of the greatest degree of risk. The following table presents each applicable investment type grouped by rating at August 31, 2024 and 2023:

**THE UNIVERSITY OF TEXAS SYSTEM**  
**INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

Investment Type	August 31,		Rating
	2024	2023	
<b>Investments:</b>			
U.S. Government Guaranteed			
U.S. Government Guaranteed	\$ -	\$ 47,876,403	AAA
U.S. Government Guaranteed	912,381,176	924,436,270	AA
Total U.S. Government Guaranteed	912,381,176	972,312,673	
U.S. Government Non-Guaranteed:			
U.S. Agency	6,141,052	5,696,526	AA
U.S. Agency Asset Backed	155,234,092	167,628,780	AA
Total U.S. Government Non-Guaranteed	161,375,144	173,325,306	
Total U.S. Government	1,073,756,320	1,145,637,979	
Corporate Obligations:			
Domestic	32,941,071	27,071,961	AAA
Domestic	7,148,543	7,442,006	AA
Domestic	29,600,489	22,409,875	A
Domestic	15,277,382	14,797,237	BAA/BBB
Domestic	2,186,823	2,395,804	BA/BB
Domestic	925,077	1,090,588	B
Domestic	1,283,985	1,507,034	CAA/CCC
Domestic	322,169	377,444	CA/CC
Domestic	-	132,923	D
Domestic	1,100,237	2,182,796	Not Rated
Foreign	11,168,038	15,322,248	AAA
Foreign	6,584,954	2,374,415	AA
Foreign	15,150,738	15,043,434	A
Foreign	19,731,876	18,944,849	BAA/BBB
Foreign	-	655,227	BA/BB
Foreign	3,174,449	3,150,113	B
Foreign	-	3,018	D
Foreign	32,666	104,796	Not Rated
Total Corporate Obligations	146,628,497	135,005,768	
Foreign Government and Provincial Obligations	24,629,724	29,570,000	AAA
Foreign Government and Provincial Obligations	55,464,004	45,660,538	AA
Foreign Government and Provincial Obligations	30,586,534	32,044,239	A
Foreign Government and Provincial Obligations	40,550,170	59,831,544	BAA/BBB
Foreign Government and Provincial Obligations	39,798,401	55,269,558	BA/BB
Foreign Government and Provincial Obligations	81,797,119	113,995,343	Not Rated
Total Foreign Government and Provincial Obligations	272,825,952	336,371,222	
Other Debt Securities	412,864	398,551	A
Total Debt Securities	\$ 1,493,623,633	\$ 1,617,413,520	
Cash Equivalents	\$ 582,760,534	\$ 519,297,379	AAA
Cash Equivalents	6,054,485	101,948,734	Not Rated
Cash	14,180,749	23,762,313	Not Rated
Total Cash and Cash Equivalents	\$ 602,995,768	\$ 645,008,426	
<b>Net Deposit with Brokers for Derivative Contracts:</b>			
U.S. Government Guaranteed	\$ 11,079,398	\$ 16,574,268	AA
Cash	28,353,643	13,377,170	Not Rated
<b>Total Net Deposit with/(Payable to) Brokers for Derivative Contracts</b>	<b>\$ 39,433,041</b>	<b>\$ 29,951,438</b>	

**(B) Concentrations of Credit Risk**

The Fund's investment policy statement contains the limitation that no more than 5% of the market value of fixed income securities may be invested in corporate or municipal bonds of a single issuer. As of August 31, 2024 and 2023, the Fund does not hold any direct investments in any one issuer of corporate or municipal bonds that is 5% or more of the market value of the Fund's fixed income investments.

**(C) Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Fund will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the fair value of its investment or collateral securities that are in the possession of another party. Texas State Statutes and the Fund's investment policy statements do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. All Fund investments are held by the Fund's custodian bank in the name of the UT Board. Uninvested cash is invested in overnight money market funds that are also held in the name of the UT Board. Required collateral is posted unilaterally by the Fund and each counterparty to segregated accounts established at the Fund's custodian bank. As all investments and collateral deposits are held in the name of the UT Board or in segregated accounts in the name of the UT Board as of August 31, 2024 and 2023, the Fund has minimal exposure to custodial credit risk.

**(D) Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk inherent in the Fund is measured by monitoring the modified duration of the overall investment portfolio. Modified duration estimates the sensitivity of the Fund's investments to changes in interest rates. The Fund has no specific policy statement limitations with respect to its overall modified duration.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

The following table summarizes the Fund's modified duration in years by investment type at August 31, 2024 and 2023:

Investment Type	August 31,			
	2024		2023	
	Fair Value	Modified Duration	Fair Value	Modified Duration
<b>Investments:</b>				
U.S. Government Guaranteed:				
U.S. Treasury Bills	\$ 2,706,609	0.11	\$ 19,123,142	0.11
U.S. Treasury Bonds and Notes	514,364,100	11.55	511,300,568	13.73
U.S. Treasury Inflation Protected	367,303,735	6.61	432,659,579	6.64
U.S. Agency Asset Backed	28,006,732	3.17	9,229,384	5.55
Total U.S. Government Guaranteed	<u>912,381,176</u>	9.27	<u>972,312,673</u>	10.23
U.S. Government Non-Guaranteed:				
U.S. Agency	6,141,052	9.60	5,696,526	10.27
U.S. Agency Asset Backed	155,234,092	4.99	167,628,780	6.36
Total U.S. Government Non-Guaranteed	<u>161,375,144</u>	5.16	<u>173,325,306</u>	6.49
Total U.S. Government	<u>1,073,756,320</u>	8.65	<u>1,145,637,979</u>	9.66
Corporate Obligations:				
Domestic	90,785,776	4.68	79,407,668	4.63
Foreign	55,842,721	3.45	55,598,100	3.64
Total Corporate Obligations	<u>146,628,497</u>	4.21	<u>135,005,768</u>	4.22
Foreign Government and Provincial Obligations	<u>272,825,952</u>	6.64	<u>336,371,222</u>	5.88
Other Debt Securities	<u>412,864</u>	11.64	<u>398,551</u>	11.97
Total Debt Securities	<u>1,493,623,633</u>	7.85	<u>1,617,413,520</u>	8.42
Cash and Cash Equivalents	<u>602,995,768</u>	0.08	<u>645,008,426</u>	0.07
Total	<u>\$ 2,096,619,401</u>	5.61	<u>\$ 2,262,421,946</u>	6.04
<b>Net Deposit with Brokers for Derivative Contracts:</b>				
U.S. Government Guaranteed	\$ 11,079,398	0.24	\$ 16,574,268	0.37
Cash	28,353,643	-	13,377,170	-
Total Net Deposit with/(Payable to) Brokers for Derivative Contracts	<u>\$ 39,433,041</u>	-	<u>\$ 29,951,438</u>	-



**(E) *Investments with Fair Values That Are Highly Sensitive to Interest Rate Changes***

The Fund may invest in various mortgage-backed securities, such as collateralized mortgage-backed obligations. The Fund also may invest in investments that have floating rates with periodic coupon changes in market rates, zero coupon bonds and stripped Treasury and Agency securities created from coupon securities. No percentage of holdings limitations are specified in the investment policy statements regarding these types of securities. As of August 31, 2024 and 2023, the Fund's investments include the following investments that are highly sensitive to interest rate changes:

Collateralized mortgage obligations which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. In periods of rising interest rates, the fair value of these securities would be expected to decrease. These securities amounted to \$30,987,063 and \$30,743,530 as of August 31, 2024 and 2023, respectively.

Mortgage-backed securities which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. In periods of rising interest rates, the fair value of these securities would be expected to decrease. These securities amounted to \$182,876,207 and \$176,484,378 as of August 31, 2024 and 2023, respectively.

Asset backed securities which are backed by home equity loans, auto loans, equipment loans and credit card receivables. Prepayments by the obligees of the underlying assets in periods of decreasing interest rates could reduce or eliminate the stream of income that would have been received. In periods of rising interest rates, the fair value of these securities would be expected to decrease. These securities amounted to \$9,097,343 and \$12,997,371 as of August 31, 2024 and 2023, respectively.

**(F) *Foreign Currency Risk***

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Fund's non-U.S. dollar investments. There are no limitations on investments in non-U.S. dollar denominated bonds or common stocks in relation to the Fund's total fixed income and non-U.S. equity exposures in the Fund's investment policy statement.

The classification of domestic common stock and foreign common stock is based on the country of domicile of the issuer, not the currency in which the security is traded. The following table summarizes the Fund's exposure to non-U.S. dollar investments as of August 31, 2024 and 2023:

**THE UNIVERSITY OF TEXAS SYSTEM  
INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

Investment Type	August 31,	
	2024	2023
<b>Domestic Common Stock:</b>		
Hong Kong Dollar	\$ -	\$ 3,841
Taiwan Dollar	-	425,586
Total Domestic Common Stock	-	429,427
<b>Foreign Common Stock:</b>		
Australian Dollar	702,877	1,640,130
Brazilian Real	6,825,694	12,077,648
Canadian Dollar	692,140	1,036,163
Chilean Peso	12,558	14,413
Chinese Yuan Renminbi	1,813,816	11,109,755
Czech Koruna	17,825	39,470
Danish Krone	4,365,805	3,554,133
Egyptian Pound	4,861	93,504
Euro	21,271,047	27,878,004
Hong Kong Dollar	8,546,814	10,088,493
Hungarian Forint	61,209	25,801
Indian Rupee	11,988,347	6,464,852
Indonesian Rupiah	1,622,273	2,021,353
Japanese Yen	3,988,776	30,551,026
Malaysian Ringgit	804,172	901,504
Mexican Peso	415,348	372,659
New Zealand Dollar	34,821	152,785
Norwegian Krone	433,453	1,757,857
Peruvian Sol	3,161	-
Philippine Peso	278,439	284,425
Polish Zloty	364,062	429,798
Qatari Riyal	307,968	139,236
Saudi Arabian Riyal	924,970	-
Singapore Dollar	76,650	282,835
South African Rand	921,126	951,123
South Korean Won	14,987,159	13,380,190
Swedish Krona	1,000,227	1,599,671
Swiss Franc	7,583,071	7,193,213
Taiwan Dollar	33,134,924	25,625,502
Thai Baht	611,419	1,114,422
Turkish Lira	629,968	520,284
UK Pound	15,322,356	16,151,571
United Arab Emirates Dirham	932,840	486,588
Total Foreign Common Stock	140,680,176	177,938,408
<b>Other - Equity Securities:</b>		
Brazilian Real	-	783
South Korean Won	156	-
Swiss Franc	-	5,165
Taiwan Dollar	-	2
Total Other - Equity Securities	156	5,950

**THE UNIVERSITY OF TEXAS SYSTEM  
INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

Investment Type	August 31,	
	2024	2023
<b>Foreign Preferred Stocks:</b>		
Brazilian Real	\$ 1,184,428	\$ 2,573,906
Euro	15,731	34,048
South Korean Won	4,025,325	3,240,081
Total Foreign Preferred Stock	5,225,484	5,848,035
<b>Foreign Government and Provincial Obligations:</b>		
Australian Dollar	5,129,476	6,842,331
Brazilian Real	9,097,071	17,200,687
Canadian Dollar	21,299,789	12,854,952
Chinese Yuan Renminbi	-	251,089
Colombian Peso	21,765,354	23,151,685
Euro	36,722,584	18,642,609
Indian Rupee	532,964	-
Indonesian Rupiah	6,829,348	4,950,494
Israeli Shekel	472,540	2,041,384
Japanese Yen	53,974,744	92,819,020
Malaysian Ringgit	5,875,288	12,662,127
Mexican Peso	28,470,655	50,210,077
New Zealand Dollar	15,976,286	12,805,028
Norwegian Krone	8,744,609	8,014,771
Polish Zloty	-	1,902,946
Russian Ruble	1,071,736	3,175,153
Singapore Dollar	7,950,047	10,377,427
South African Rand	8,379,065	14,552,466
South Korean Won	14,383,640	13,181,925
UK Pound	11,275,271	16,922,128
Total Foreign Government and Provincial Obligations	257,950,467	322,558,299
<b>Corporate Obligations:</b>		
Australian Dollar	976,795	444,374
Brazilian Real	26,692	32,144
Danish Krone	2,048	5,833,906
Euro	6,050,355	7,951,834
Indian Rupee	105	-
UK Pound	6,383,899	11,571,439
Total Corporate Obligations	13,439,894	25,833,697
<b>Purchased Options:</b>		
Brazilian Real	2	20,038
Euro	442,084	433,477
Total Purchased Options	442,086	453,515
<b>Investment Funds-Emerging Markets:</b>		
Brazilian Real	75,424	82,708
Thai Baht	16,022	-
Total Investment Funds-Emerging Markets	91,446	82,708

**THE UNIVERSITY OF TEXAS SYSTEM**  
**INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

Investment Type	August 31,	
	2024	2023
<b>Cash and Cash Equivalents:</b>		
Australian Dollar	\$ 227,790	\$ 97,548
Brazilian Real	1,058,318	1,002,119
Canadian Dollar	63,110	492,031
Chilean Peso	692	19
Chinese Yuan Renminbi	31,860	319,633
Colombian Peso	60,385	-
Czech Koruna	28,930	20,405
Danish Krone	5,654	69,255
Egyptian Pound	378	15,957
Euro	364,343	2,028,491
Hong Kong Dollar	248	16,139
Hungarian Forint	17	-
Indian Rupee	7,855	7,749
Indonesian Rupiah	340,230	71,167
Israeli Shekel	161	453
Japanese Yen	474,459	428,217
Malaysian Ringgit	65,695	57,095
Mexican Peso	13,384	7,171
New Zealand Dollar	74,611	81,556
Norwegian Krone	47,103	328
Peruvian Sol	116	-
Philippine Peso	1,225	-
Polish Zloty	413	624
Qatari Riyal	529	-
Romanian Leu	79	72
Saudi Arabian Riyal	2,737	-
Singapore Dollar	197,597	31,168
South African Rand	5,980	851,477
South Korean Won	507,874	326,473
Swedish Krona	13,558	12,514
Swiss Franc	22,920	43,189
Taiwan Dollar	171,116	95,915
Thai Baht	852	425
Turkish Lira	351	2,144
UK Pound	280,666	258,323
United Arab Emirates Dirham	260	-
Total Cash and Cash Equivalents	<u>4,071,496</u>	<u>6,337,657</u>
<b>Written Options:</b>		
Brazilian Real	-	(23,381)
Euro	(398,526)	(413,319)
UK Pound	(13)	(2,820)
Total Written Options	<u>(398,539)</u>	<u>(439,520)</u>

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

Investment Type	August 31,	
	2024	2023
<b>Swaps:</b>		
Australian Dollar	\$ 383,883	\$ 889,859
Canadian Dollar	(876,307)	(2,040,039)
Chinese Yuan Renminbi	(239,113)	(315,377)
Czech Koruna	(17,732)	(35,489)
Euro	(785,677)	(1,157,644)
Indian Rupee	2,325	22,477
Japanese Yen	(16,386,369)	7,271
Malaysian Ringgit	(35,828)	37,037
Mexican Peso	(55,405)	(123,892)
New Zealand Dollar	38,486	(315,524)
Singapore Dollar	(325,798)	(10,999)
South Korean Won	(116,819)	(131,099)
Swedish Krona	(50,751)	(103,476)
Swiss Franc	(42,405)	(161,562)
Thai Baht	(353,377)	(2,082)
UK Pound	343,461	(2,095,105)
Total Swaps	<u>(18,517,426)</u>	<u>(5,535,644)</u>
<b>Futures:</b>		
Australian Dollar	5,270	(47,951)
Canadian Dollar	11,644	-
Euro	15,714	(381,671)
Japanese Yen	(12,880)	8,588
UK Pound	1,901	(120,345)
Total Futures	<u>21,649</u>	<u>(541,379)</u>
Total	<u>\$ 403,006,889</u>	<u>\$ 532,971,153</u>

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

**(G) Counterparty (Credit) Risk**

The derivative instruments utilized by the Fund, contain varying degrees of off-balance sheet risk whereby changes in the fair values of securities underlying the financial instruments may exceed the amounts recognized in the statements of net position. The Fund manages these risks on an aggregate basis along with the risks associated with its other investments as part of its overall risk management process.

The Fund had gross counterparty exposure as of August 31, 2024 for options, swaps, and foreign exchange contracts as shown in the following table:

	Notional		Fair Value		Counterparty Rating
	Assets	Liabilities	Assets	Liabilities	
Options	\$ 13,677,934	\$ 15,446,326	\$ 365,674	\$ 1,720,750	AA
Options	80,000	-	199	-	A
Swaps	187,561,560	301,613,097	4,411,405	3,461,884	AA
Swaps	49,402,393	32,867,216	17,407,935	16,674,406	A
Foreign Exchange Contracts	105,205,285	133,545,985	2,312,191	2,775,453	AA
Foreign Exchange Contracts	317,634,028	397,714,644	7,339,024	8,280,035	A
			<u>\$ 31,836,428</u>	<u>\$ 32,912,528</u>	

The Fund had gross counterparty exposure as of August 31, 2023 for options, swaps, and foreign exchange contracts as shown in the following table:

	Notional		Fair Value		Counterparty Rating
	Assets	Liabilities	Assets	Liabilities	
Options	\$ 79,021,538	\$ 93,327,847	\$ 2,892,249	\$ 4,866,626	AA
Options	67,791,189	53,712,824	2,260,696	653,115	A
Swaps	61,608,440	257,696,155	1,325,009	4,711,978	AA
Swaps	8,782,019	27,986,695	1,439,381	2,144,220	A
Foreign Exchange Contracts	263,050,961	200,609,091	4,765,587	3,161,139	AA
Foreign Exchange Contracts	441,262,140	351,089,414	9,223,210	6,516,927	A
			<u>\$ 21,906,132</u>	<u>\$ 22,054,005</u>	

As of August 31, 2024 and 2023, the Fund also had investments in futures contracts, options on futures contracts and exchange-cleared swaps. Futures contracts, options on futures contracts and exchange-cleared swaps expose the Fund to minimal counterparty credit risk since they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees them against default. Therefore, they are not presented in the table above.

Counterparty risk for swaps, options and foreign exchange contracts, which are traded over-the-counter, is mitigated by entering into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements. These agreements include Initial Margin Credit Support Annexes with each counterparty that require unilateral collateral postings by each party to a transaction once an established threshold limit has been reached. Initial margin collateral postings are held in segregated accounts at the Fund's custodian bank established on behalf of the Fund and each counterparty. As of August 31, 2024 and 2023, the Fund held \$22,622,870 and \$26,194,804 respectively, of collateral related to derivative instruments other than futures and had on deposit with brokers \$60,182,019 and \$54,712,439 respectively as collateral related to derivative instruments other than futures.

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

**Note 5 – Securities Lending**

In accordance with the prudent investor investment standards, the Fund loans securities to certain brokers who pay the Fund negotiated lenders’ fees. These fees are included in investment income in the statements of changes in net position. The Fund receives qualified securities and/or cash as collateral against the loaned securities. The collateral, when received, will have a market value of 102% of loaned securities of U.S. issuers and a market value of 105% for loaned securities of non-U.S. issuers. If the market value of the collateral held in connection with loans of securities of U.S. issuers is less than 100% at the close of trading on any business day, the borrower is required to deliver additional collateral by the close of the next business day to equal 102% of the market value. For non-U.S. issuers, the collateral should remain at 105% of the market value of the loaned securities at the close of any business day. If it falls below 105%, the borrower must deliver additional collateral by the close of the following business day. The fair value of securities loaned and the fair value of collateral held are as follows at August 31, 2024 and 2023:

Securities on Loan	2024 Fair Value	2023 Fair Value	Type of Collateral	2024 Fair Value of Collateral	2023 Fair Value of Collateral
U.S. Government	\$ 122,193,506	\$ 5,459,883	Cash	\$ 124,794,545	\$ 5,570,820
Corporate Bonds	21,360,311	2,427,592	Cash	22,000,614	2,501,278
Common Stock	14,172,838	34,826,210	Cash	14,565,415	35,724,100
Sovereign Debt	1,048,515	28,641,148	Cash	1,114,812	36,755,494
<b>Total</b>	\$ 158,775,170	\$ 71,354,833	<b>Total</b>	\$ 162,475,386	\$ 80,551,692
U.S. Government	\$ 83,130,934	\$ 76,988,366	Non-Cash	\$ 84,846,407	\$ 78,600,179
Common Stock	1,664,200	7,549,491	Non-Cash	1,719,551	7,869,367
<b>Total</b>	\$ 84,795,134	\$ 84,537,857	<b>Total</b>	\$ 86,565,958	\$ 86,469,546

Cash received as collateral for securities lending activities is invested and reinvested in a commingled pool managed exclusively for the benefit of the Fund, the PUF, The University of Texas System General Endowment Fund, and other UT Board accounts that participate in securities lending activities. The pool is managed in accordance with investment guidelines established in the securities lending contract between the Fund and its securities lending agent. The maturities of the investments in the pool do not necessarily match the term of the loans, rather the pool is managed to maintain a maximum dollar-weighted average maturity of 60 days and an overnight liquidity of 20%. Lending income is earned if the returns on those investments exceed the rebate paid to borrowers of the securities for interest on the cash collateral received. The income remaining after the borrower rebates is then shared with the lending agent on a contractually negotiated split. If the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss of principal, the payment of the shortfall to the borrower is made from the Fund and the securities lending agent in the same proportion as the income is shared.

**THE UNIVERSITY OF TEXAS SYSTEM  
INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

The Fund's pro-rata share of collateral pool investments, rating by NRSRO, and weighted average maturity at August 31, 2024 and 2023 is shown in the following table:

Description	2024			2023		
	Fair Value	Rating	Weighted Average Maturity In Days	Fair Value	Rating	Weighted Average Maturity In Days
Repurchase Agreements	\$ 72,572,927	No Rating Available	3	\$ 50,120,416	No Rating Available	1
Corporate Bonds	-			1,263,174	AA	1
Commercial Paper	7,132,417	AA		-		
Commercial Paper	57,815,143	A		16,600,518	A	
<b>Total Commercial Paper</b>	<b>64,947,560</b>		<b>18</b>	<b>16,600,518</b>		<b>19</b>
Certificates of Deposit	4,443,642	AA		3,761,793	AA	
Certificates of Deposit	20,641,184	A		9,073,575	A	
<b>Total Certificates of Deposit</b>	<b>25,084,826</b>		<b>20</b>	<b>12,835,368</b>		<b>1</b>
Other Receivables/Payables	(129,927)	Not Rated		(267,784)	Not Rated	
<b>Total Collateral Pool Investment</b>	<b>\$ 162,475,386</b>		<b>12</b>	<b>\$ 80,551,692</b>		<b>5</b>

The following tables reflect fair value measurements of collateral pool investments as of August 31, 2024 and 2023, respectively, as categorized by the level of the fair value hierarchy:

	Fair Value Measurements Using			
	Fair Value as of August 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements	\$ 72,572,927	\$ -	\$ 72,572,927	\$ -
Commercial Paper	64,947,560	-	64,947,560	-
Certificates of Deposit	25,084,826	-	25,084,826	-
<b>Total by Fair Value Level</b>	<b>162,605,313</b>	<b>\$ -</b>	<b>\$ 162,605,313</b>	<b>\$ -</b>
Other Receivables/Payables	(129,927)			
<b>Total Collateral Pool Investments</b>	<b>\$ 162,475,386</b>			

	Fair Value Measurements Using			
	Fair Value as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements	\$ 50,120,416	\$ -	\$ 50,120,416	\$ -
Corporate Bonds	1,263,174	-	1,263,174	-
Commercial Paper	16,600,518	-	16,600,518	-
Certificates of Deposit	12,835,368	-	12,835,368	-
<b>Total by Fair Value Level</b>	<b>80,819,476</b>	<b>\$ -</b>	<b>\$ 80,819,476</b>	<b>\$ -</b>
Other Receivables/Payables	(267,784)			
<b>Total Collateral Pool Investments</b>	<b>\$ 80,551,692</b>			



# THE UNIVERSITY OF TEXAS SYSTEM

## INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

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Collateral pool investments are uninsured, and are held by the securities lending agent, in its name, on behalf of the Fund, except for the investments in repurchase agreements which are held in the securities lending agent's name by a third-party custodian not affiliated with the Fund or the borrower of the associated loaned securities. Therefore, the collateral pool is not exposed to custodial credit risk because the pool investments are not held by counterparties to the lending transactions or the counterparties' trust department or agent.

Cash collateral is recorded as an asset with an equal and offsetting liability to return the collateral on the statements of net position. Investments received as collateral for securities lending activities are not recorded as assets because the investments remain under the control of the transferor, except in the event of default.

In the event of default, where the borrower is unable to return the securities loaned, the Fund has authorized the securities lending agent to seize the collateral held. The collateral is then used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities cannot be replaced. If the collateral is insufficient to replace the securities, the securities lending agent has indemnified the Fund from any loss due to borrower default.

As of August 31, 2024 and 2023, the Fund had no net credit risk exposure to borrowers because the amounts the Fund owed to borrowers exceeded the amounts the borrowers owed the Fund.

There were no significant violations of legal or contractual provisions, no borrower or securities lending agent default losses, and no recoveries of prior period losses during the years ended August 31, 2024 and 2023.

### Note 6 – Written Options

The following table discloses the fair values of the Fund's written call option contracts outstanding as of August 31, 2024 and 2023:

Type	Fair Value at August 31, 2024		Fair Value at August 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Equity	\$ -	\$ 1,325,662	\$ -	\$ 4,371,066
Interest Rate Swap	-	6,130	33,335	23,464
Other	-	1,258	-	204
	<u>\$ -</u>	<u>\$ 1,333,050</u>	<u>\$ 33,335</u>	<u>\$ 4,394,734</u>

The fair values are included on the statements of net position as options written. The changes in fair value of open call options for the years ended August 31, 2024 and 2023 were increases in the amounts of \$137,899 and \$298,983, respectively, which are included in the net increase in fair value of investments on the statements of changes in net position.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

The following table discloses the fair values of the Fund's written put option contracts as of August 31, 2024 and 2023:

Type	Fair Value at August 31, 2024		Fair Value at August 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Equity	\$ -	\$ -	\$ -	\$ 758,032
Interest Rate Swap	-	486,807	-	1,274,140
Other	-	2,046	-	30,138
	<u>\$ -</u>	<u>\$ 488,853</u>	<u>\$ -</u>	<u>\$ 2,062,310</u>

The fair values are included on the statements of net position as options written. The change in fair value of open put options for the year ended August 31, 2024 and 2023 were decreases in the amounts of \$218,324 and \$792,751, respectively, which are included in the net increase in fair value of investments on the statements of changes in net position.

**Note 7 – Swaps**

The following table discloses the notional amounts, and the fair values of the types of outstanding swap contracts as of August 31, 2024:

Type	Notional Value	Fair Value at August 31, 2024	
		Assets	Liabilities
Commodity	\$ 200,059,754	\$ -	\$ 741,031
Credit Default	105,667,757	2,172,935	266,275
Currency	62,206,590	16,904,114	16,429,095
Equity	270,321,873	4,888,778	2,223,894
Fixed Income	24,036,465	-	664,037
Interest Rate	779,036,122	7,956,355	8,576,150
		<u>\$ 31,922,182</u>	<u>\$ 28,900,482</u>

The change in fair value of open swap positions for the year ended August 31, 2024 was an increase in the amount of \$1,304,173, which is included in the net increase in fair value of investments on the statements of changes in net position.

The following table discloses the notional amounts and the fair values of the types of outstanding swap contracts as of August 31, 2023:

Type	Notional Value	Fair Value at August 31, 2023	
		Assets	Liabilities
Commodity	\$ 197,576,514	\$ -	\$ 2,664,416
Credit Default	105,350,463	1,539,701	33,962
Currency	12,895,400	1,284,453	1,242,567
Equity	95,686,678	1,220,551	2,775,967
Fixed Income	29,189,286	163,557	31,656
Interest Rate	904,344,779	16,176,278	19,900,279
Volatility	7,419,897	192,099	7,897
Total		<u>\$ 20,576,639</u>	<u>\$ 26,656,744</u>

The change in fair value of open swap positions for the year ended August 31, 2023 was a decrease in the amount of \$2,345,705, which is included in the net increase in fair value of investments on the statements of changes in net position.

**THE UNIVERSITY OF TEXAS SYSTEM**

**INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

**Note 8 – Futures Contracts**

The changes in fair value of open futures contracts for the years ended August 31, 2024 and 2023 were increases in the amounts of \$6,004,679 and \$10,463,473, respectively, which are included in the net increase in fair value of investments on the statements of changes in net position. The Fund had \$1,873,892 and \$1,433,803 on deposit with brokers for collateral as margin for the futures contracts as of August 31, 2024 and 2023, respectively. Short futures may be used by the Fund to manage the Fund’s interest rate or currency risk associated with security positions.

Futures contracts are traded on several different exchanges around the world. The daily cash settlements made by the investment manager for these open contracts are made on a net basis to each respective exchange. The fair value, for August 31, 2024 and 2023, shown in the table below for these open contracts do not include amounts previously settled with the exchanges. Net cash settlements for these open contracts amounted to \$7,357,996 and \$8,918,249 as of August 31, 2024 and 2023, respectively.

The following discloses the type, notional value, and fair values for futures contracts as of August 31, 2024:

<b>Contract</b>	<b>Notional Value at August 31, 2024</b>		<b>Fair Value at August 31, 2024</b>	
	<b>Long</b>	<b>Short</b>	<b>Assets</b>	<b>Liabilities</b>
Domestic Fixed Income	\$ 336,736,338	\$ 90,771,101	\$ 103,254	\$ 1,478,799
Foreign Fixed Income	41,712,148	159,179,648	37,192	15,542
Domestic Equities	2,970,000	415,340	4,320	3,742
<b>Total</b>	<b>\$ 381,418,486</b>	<b>\$ 250,366,089</b>	<b>\$ 144,766</b>	<b>\$ 1,498,083</b>

The following discloses the type, notional value, and fair values for futures contracts as of August 31, 2023:

<b>Contract</b>	<b>Notional Value at August 31, 2023</b>		<b>Fair Value at August 31, 2023</b>	
	<b>Long</b>	<b>Short</b>	<b>Assets</b>	<b>Liabilities</b>
Domestic Fixed Income	\$ 337,957,710	\$ 153,490,693	\$ 2,128,629	\$ 42,026
Foreign Fixed Income	22,062,184	229,150,240	25,018	566,397
<b>Total</b>	<b>\$ 360,019,894</b>	<b>\$ 382,640,933</b>	<b>\$ 2,153,647</b>	<b>\$ 608,423</b>

**Note 9 – Foreign Exchange Contracts**

The following tables summarize by currency the contractual amounts of the Fund’s foreign exchange contracts at August 31, 2024 and 2023. Foreign currency amounts are translated at exchange rates as of August 31, 2024 and 2023. The “Net Buy” amounts represent the U.S. dollar equivalent of net commitments to purchase foreign currencies, and the “Net Sell” amounts represent the U.S. dollar equivalent of net commitments to sell foreign currencies.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**INTERMEDIATE TERM FUND**

*Notes to Financial Statements (cont.)*

Currency	Net Buy August 31, 2024	Net Sell August 31, 2024	Unrealized Gains on Foreign Currency Exchange Contracts August 31, 2024	Unrealized Losses on Foreign Currency Exchange Contracts August 31, 2024
Australian Dollar	\$ 12,021,570	\$ -	\$ 340,679	\$ 202,513
Brazilian Real	-	5,388,778	242,860	22,971
Canadian Dollar	-	23,444,311	3,324	435,135
Chilean Peso	4,788,618	-	84,345	69,121
Chinese Yuan Renminbi	-	1,509,836	770,609	473,535
Colombian Peso	-	16,122,546	408,866	40,743
Czech Koruna	-	2,667,498	7,013	27,987
Danish Krone	27,817	-	1,257	931
Euro	-	48,315,741	467,396	1,583,983
Hong Kong Dollar	-	15,129	2	-
Hungarian Forint	1,027,875	-	11,061	-
Indian Rupee	1,739,145	-	8,128	6,439
Indonesian Rupiah	-	6,126,845	26,273	29,958
Israeli Shekel	-	2,671,777	-	69,667
Japanese Yen	-	34,150,215	1,970,939	2,974,557
Malaysian Ringgit	-	2,249,446	363	57,634
Mexican Peso	-	23,923,370	2,918,009	761,983
New Zealand Dollar	-	22,965,032	250,794	849,969
Norwegian Krone	931,991	-	9,166	473
Peruvian Sol	-	1,255,978	19,426	21,415
Polish Zloty	2,817,518	-	52,967	1,080
Romanian Leu	707,036	-	15,684	-
Saudi Arabia Riyal	-	1,375	-	2
Singapore Dollar	-	12,610,486	739,925	1,176,394
South African Rand	-	6,332,106	52,007	275,712
South Korean Won	-	3,590,807	122,741	323,465
Swedish Krona	11,169,686	-	238,265	42,856
Swiss Franc	-	8,585,698	392,929	457,262
Taiwan Dollar	-	4,793,386	42,348	88,597
Thailand Baht	-	4,602,786	23,213	431,351
Turkish Lira	2,314,238	-	12,624	3,439
UK Pound	-	13,429,368	418,002	626,316
	\$ 37,545,494	\$ 244,752,514	\$ 9,651,215	\$ 11,055,488

The change in fair value of open foreign exchange contracts for the year ended August 31, 2024 was a decrease in the amount of \$1,748,027, which is included in the net increase in fair value of investments on the statements of changes in net position.

THE UNIVERSITY OF TEXAS SYSTEM

INTERMEDIATE TERM FUND

Notes to Financial Statements (cont.)

Currency	Net Buy August 31, 2023	Net Sell August 31, 2023	Unrealized Gains on Foreign Currency Exchange Contracts August 31, 2023	Unrealized Losses on Foreign Currency Exchange Contracts August 31, 2023
Australian Dollar	\$ 727,496	\$ -	\$ 336,662	\$ 135,098
Brazilian Real	-	7,694,120	391,751	321,216
Canadian Dollar	-	16,558,590	564,203	189,820
Chilean Peso	29,086	-	85,022	2,525
Chinese Yuan Renminbi	-	19,768,508	1,017,454	731,945
Colombian Peso	-	14,754,153	264,349	60,197
Czech Koruna	-	2,700,973	28,221	86,254
Danish Krone	-	5,922,558	107,893	15,108
Egyptian Pound	-	1,804	-	5
Euro	-	69,526,206	1,015,857	187,999
Hong Kong Dollar	20,985	-	14	-
Hungarian Forint	1,810,773	-	8,141	7,819
Indian Rupee	8,026,424	-	11,694	58,534
Indonesian Rupiah	-	4,726,823	46,301	26,339
Israeli Shekel	-	4,084,785	639,516	162,874
Japanese Yen	-	64,161,899	4,797,165	3,911,689
Malaysian Ringgit	-	454,282	8,864	1
Mexican Peso	-	41,494,146	518,771	482,621
New Zealand Dollar	-	19,821,231	766,614	588,419
Norwegian Krone	13,837,403	-	275,876	425,430
Peruvian Sol	-	1,292,628	30,390	38,171
Polish Zloty	-	1,880,868	1	61,393
Singapore Dollar	-	13,391,070	656,293	405,798
South African Rand	-	8,018,788	12,814	46,692
South Korean Won	-	9,816,768	478,912	575,964
Swedish Krona	10,475,994	-	-	46,664
Swiss Franc	-	2,511,499	94,792	33,970
Taiwan Dollar	-	3,275,070	169,671	1,054
Thailand Baht	-	2,268,510	754,343	372,258
Turkish Lira	3,588	-	1	3
UK Pound	-	29,390,673	907,212	702,206
	\$ 34,931,749	\$ 343,515,952	\$ 13,988,797	\$ 9,678,066

The change in fair value of open foreign exchange contracts for the year ended August 31, 2023 was an increase in the amount of \$4,310,731, which is included in the net increase in fair value of investments on the statements of changes in net position.

**Note 10 – Purchase Agreement**

UTIMCO, as investment manager of the funds under the control and management of the UT Board, has entered into a security purchase agreement with the UT Board. The agreement commits the funds under management, including the Fund, to purchase up to \$4,096,045,000 as of August 31, 2024, in UT System commercial paper notes and bonds in the event of a failed remarketing of such notes or failed refunding of such bonds. The individual funds under management are not committed to a specific amount, rather all of the funds may be required to provide for the amount noted.

**Note 11 – Fees and Expenses**

UTIMCO assesses the Fund a management fee to cover the costs of managing the Fund and providing day to day operations. These fees are based on a budget prepared by management and approved by the UT Board. The fee for the years ended August 31, 2024 and 2023 were \$10,146,998 and \$9,937,534, respectively.

The Fund incurs investment management fees from various external managers of the Fund. The fees, generally assessed quarterly, are based on a percentage of the market value of investments held by each individual investment manager and currently range from 0.035% to 1.50%. In addition to the investment management fees, the Fund may pay performance-based management fees for investment performance in excess of certain defined benchmarks as provided for in the managers' contracts. The investment management fees presented in the statements of changes in net position represent only those paid directly from the Fund, and do not include fees charged by mutual fund managers or fees charged by hedge fund managers as these types of fees are netted directly against returns for those investments in accordance with standard industry practice. The investment management fees assessed by external managers and paid directly by the Fund for the years ended August 31, 2024 and 2023, were \$5,385,450 and \$6,219,814, respectively.

Custodial fees and expenses are assessed by the financial institution which holds the Fund's assets. Fees are charged for custody services, investment accounting services, risk and analytical services, including investment performance measurement, and margin and collateral maintenance for derivative investment activity per the contractual agreement. Fees incurred for the years ended August 31, 2024 and 2023, were \$845,847 and \$709,689, respectively.

The Fund also incurs other investment expenses related to services including, but not limited to, analytical, accounting, legal, and consulting.

The Fund is assessed a fee to cover costs associated with UT System personnel in their effort to provide assistance to the UT Board and the Chancellor of the UT System in their oversight responsibilities of UTIMCO. For the years ended August 31, 2024 and 2023, the fees amounted to \$105,564 and \$126,675, respectively.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**INTERMEDIATE TERM FUND**  
*Supplemental Schedule*

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**Financial Highlights**

*Years Ended August 31,*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Selected Per Unit Data</b>					
Net Position, Beginning of Year	\$ 128.226	\$ 126.677	\$ 141.605	\$ 128.585	\$ 121.709
Income From Investment Operations					
Net Investment Income (A)	1.109	1.124	0.735	0.745	0.904
Net Realized and Unrealized Gain (Loss) on Investments	15.207	4.208	(11.616)	16.335	9.652
Total Income (Loss) from Investment Operations	16.316	5.332	(10.881)	17.080	10.556
Less Distributions	3.977	3.783	4.047	4.060	3.680
Net Position, End of Year	<u>\$ 140.565</u>	<u>\$ 128.226</u>	<u>\$ 126.677</u>	<u>\$ 141.605</u>	<u>\$ 128.585</u>
<b>Ratios and Supplemental Data</b>					
Net Position, End of Year (in thousands)	\$ 8,740,617	\$ 8,740,688	\$ 8,674,793	\$ 10,199,598	\$ 9,210,942
Distribution Ratios to Average Net Position	2.98%	3.00%	3.02%	2.97%	2.95%

(A) Net investment income is comprised of investment income (excluding the net increase in fair value of investments) and investment expenses as presented on the statements of changes in net position.