



FORGING A STRONGER FUTURE

2024

ANNUAL REPORT

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



\$76.7
BILLION
IN ASSETS

AS OF AUGUST 31, 2024

OUR WORK IMPACTS

21 INSTITUTIONS ACROSS
TWO OF OUR
NATION'S LARGEST
UNIVERSITY SYSTEMS

UTIMCO
AT A GLANCE



CREATED MARCH 1996

UT SYSTEM BOARD OF REGENTS

has fiduciary responsibility for investment assets that belong to The University of Texas and Texas A&M Systems.

DAY-TO-DAY MANAGEMENT RESPONSIBILITY

for the investment assets is delegated to UTIMCO.

INVESTED IN A DIVERSIFIED PORTFOLIO

that includes US and global equities, fixed income investments, real estate, private equity, venture capital, foreign currencies, commodities, and hedge funds.

GOVERNED BY A NINE-MEMBER BOARD CONSISTING OF:

- At least three members of the UT System Board of Regents,
- Four members appointed by the UT System Board of Regents, three of which must have a substantial background and expertise in investments, and
- Two members appointed by the Texas A&M System Board of Regents, one of which must have a substantial background and expertise in investments.



MARKET CONDITIONS AND FUTURE OUTLOOK

The Fiscal Year that started on September 1, 2023, was characterized by three factors: continued moderation of inflation, plateau of the Federal Funds Rate at 5.3% with expectations of easing, and resilient economic growth (5.7%) and positive earnings growth (+11.8%). The favorable trends in each of these combined to create a supportive backdrop for risk assets.

Ongoing normalization in labor markets and global supply chains and a downward move in prices for goods and commodities contributed to slowing inflation with the US Consumer Price Index (CPI) moving from an annual rate of 3.7% last fall to 2.5% by August 2024. This allowed the Federal Reserve (Fed), the central bank of the US, to predict a return to their target range for inflation in the near future.

The Federal Funds Rate peaked at 5.3% in July 2023 and by the end of the year, markets were discounting several rate reductions by the Fed and other central banks. This backdrop resulted in good fixed income returns during the year, with the dollar-hedged Global Aggregate Bond Index gaining 7.5% and the Bloomberg Long Treasuries Index increasing 4.9%.

Equity markets rallied on the prospect of lower interest rates, continued GDP growth, and improving earnings expectations. Forward S&P 500 Price-to-Earnings valuation multiples rose from 19.1 to 21.5. These tailwinds boosted the

S&P 500 to rise 25.3% and the MSCI All Country World Index to gain 21.5%. Technology companies, especially those with an emphasis on Artificial Intelligence products, were a significant driver of the market's growth.

The Permanent University Fund (PUF) and the UT System General Endowment Fund (GEF) (the "Endowments") returned 10.5% for Fiscal Year 2024. UTIMCO's investments in Public Equities, Hedge Funds, Private Credit and Strategic Partners were positive contributors to our returns. Over the year, the total value of the Endowments grew from \$55.5 billion to \$61.6 billion, an increase of \$6.1 billion, and total assets managed by UTIMCO grew by \$6.6 billion to end the year at \$76.7 billion.

As this Fiscal Year concludes, the market expects relative stability across all three factors – moderation of inflation, plateau of Federal Funds Rate with expectations of easing, and resilient growth – which makes us cautiously optimistic that the risk assets may continue to deliver positive growth.

Thank you for your continued dedication to the important work that these Endowments support.

Sincerely,

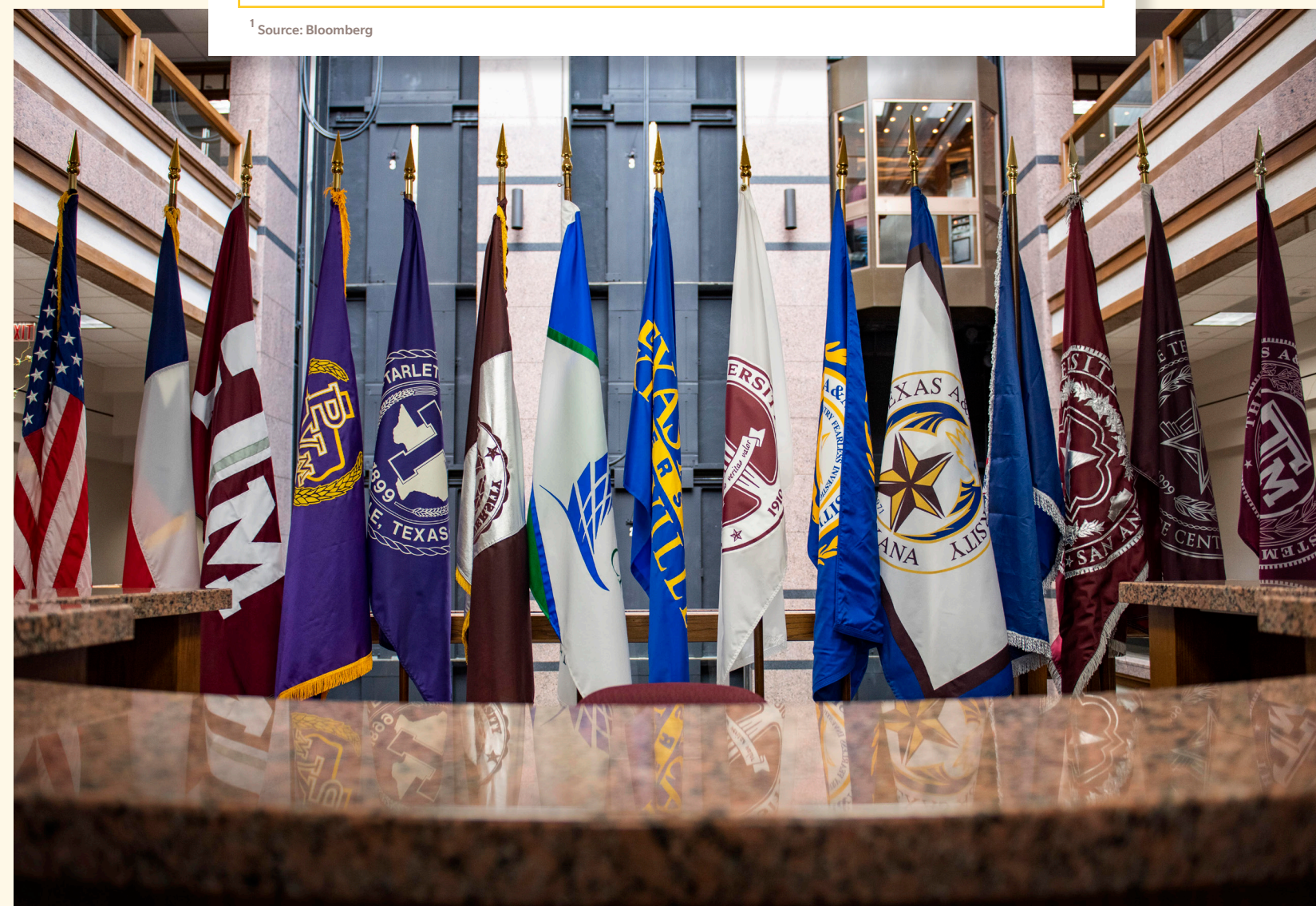


Richard Hall

Figure 1

ECONOMIC AND FINANCIAL CONDITION INDICATORS ¹			
	August 31, 2023	August 31, 2024	Total Change
INFLATION YEAR OVER YEAR (%)	3.7	2.5	-1.2%
NOMINAL GDP GROWTH YEAR OVER YEAR (%)	6.5	5.7	-0.8%
US UNEMPLOYMENT (%)	3.8	4.2	0.4%
FEDERAL FUNDS RATE (%)	5.3	5.3	+0.0%
10-YEAR TREASURY-NOTE YIELD (%)	4.1	3.9	-0.2%
SIZE OF FEDERAL BALANCE SHEETS (\$, TRILLIONS)	\$8.1	\$7.1	-\$1.0%
S&P 500			
INDEX LEVEL (PRICE)	4,508	5,648	25.3%
EARNINGS PER SHARE (FORWARD)	\$236	\$264	11.8%
PRICE-TO-EARNINGS RATIO (FORWARD)	19.1	21.5	+2.4
VOLATILITY	20.8	12.4	-8.5%

¹ Source: Bloomberg



INVESTMENT PHILOSOPHY - CREATING LONG-TERM RETURNS

The Endowments' goals are to produce attractive long-term returns within a sound and well-diversified asset allocation structure that is professionally and prudently implemented. To achieve these goals over time, we invest the assets in four primary portfolios.

A Global Equity portfolio designed to capture the increase in the value of companies driven by the revenue growth and improved corporate profits that generally accompany periods of positive economic conditions, moderate inflation, and rising profits. Global Equity includes investments in public equities, private investments, venture capital, and directional hedge funds.

A Stable Value portfolio provides diversification against deflationary conditions (e.g., typical recessions) which see slowing Gross Domestic Product growth and falling profits that generally result in a decline in equity values. These are periods that generally suffer from suddenly falling demand, leaving excess supply. Stable

Value includes investments in global fixed income, long treasuries, stable value hedge funds, and cash.

A Real Return portfolio provides diversification against the wealth-eroding effects on asset values that result from periods where inflation exceeds expectations. Unexpected inflation typically stems from insufficient supply to accommodate positive demand. Real Return includes investments in inflation linked bonds, natural resources, infrastructure, and real estate.

Strategic Partnerships are large, liquid, multi-asset class investment mandates that are intended to generate market beating returns via tactical allocation and security selection.

Our current allocations are very close to the target levels specified in our long-term Strategic Asset Allocation which was comprehensively reviewed during the first half of 2023.

RISK MANAGEMENT

Managing risk is central to the execution of any investment process and is a priority for the UTIMCO team. This is done primarily by focusing on longer-term outcomes rather than short-term results, prudent and effective diversification, a series of risk systems that monitor economic and market conditions, and professional collaboration with both the UTIMCO Board of Directors and a global network of investment organizations. Most importantly, UTIMCO maintains an organization of high character, professional investment personnel dedicated to integrity and transparency. The objective of our risk management

processes is not to avoid all risk, but rather to navigate through various market environments effectively by assuring that UTIMCO is properly compensated for any risk taken and is always a "strong hand" in the market. This allows us not only to weather the inevitable and unpredictable financial storms, but also to take advantage of the unique investment opportunities that those "bad times" often produce.



TOTAL ENDOWMENT RESULTS

For the Fiscal Year that ended August 31, 2024, the Endowments generated a strong return of +10.5%. The Endowment's Benchmark Policy Portfolio return ("Policy Return") was +9.8% for the same period.

Endowment funds are intended to provide support to their designated beneficiaries in perpetuity, so they are invested with longer-term investment horizons in mind. In the short-term, financial markets can significantly fluctuate year over year, so as a better measure of the Endowments' performance it is important to evaluate investment returns over longer periods of time as shown in Figure 2 below. The annualized net investment return for the ten-year period ending August 31, 2024, was +7.7% compared to a passive benchmark return of +6.7%. Active management decisions over that period added +1.0% annually to the Endowments, which is an additional \$4.8 billion of endowment value.

The investment returns of the Endowments are net of all investment costs incurred in UTIMCO's day-to-day management of the assets including the UTIMCO

management fee, external manager fees and custody fees. UTIMCO's management fee has averaged approximately ten basis points since its inception.

Ten years ago, the Endowments had a value of \$25.7 billion. Since then, they have grown by \$35.9 billion, and ended Fiscal Year 2024 at \$61.6 billion, representing a 140% increase in the resources available to the university systems we serve. This growth is after all distributions to the beneficiaries of the Endowments, which totaled \$17.3 billion during that same ten-year period as shown in Figure 3 below. Distributions have increased at 9% annualized over the last ten years to \$2.9 billion last year, which is \$1.7 billion higher than they were ten years ago.

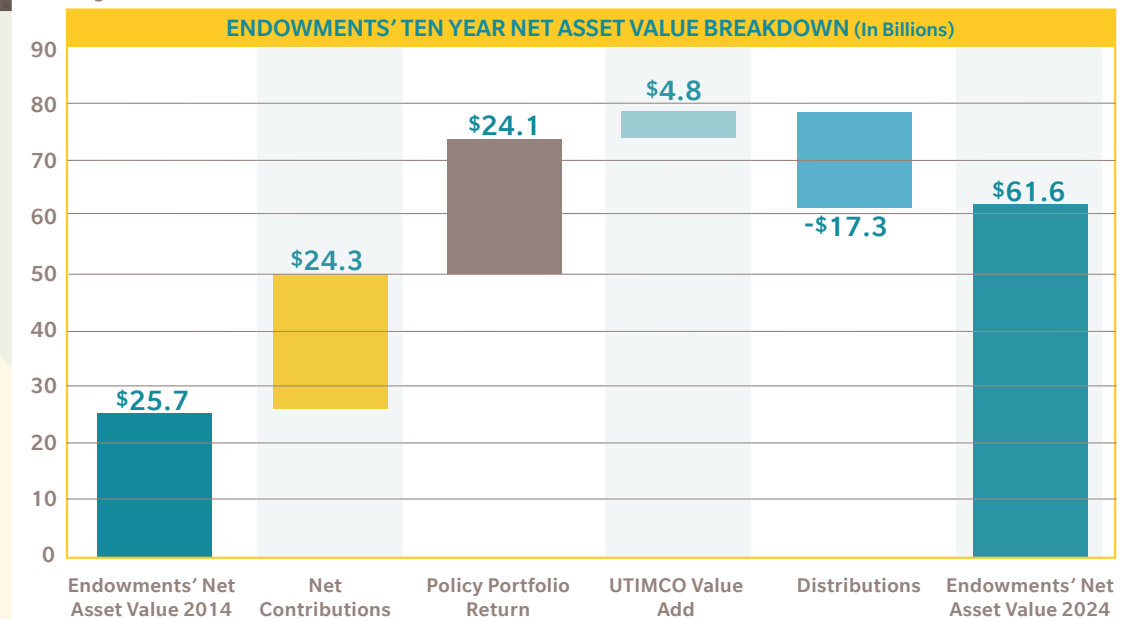
The Total Endowment assets managed by UTIMCO, on behalf of the UT and Texas A&M Systems, are the largest pool of university endowment funds in the US.



Figure 2

ANNUALIZED RETURNS (Periods Ending August 31, 2024)									
	Policy Weight	ONE YEAR		THREE YEARS		FIVE YEARS		TEN YEARS	
		Return	Benchmark	Return	Benchmark	Return	Benchmark	Return	Benchmark
GLOBAL EQUITY	61.2%	13.3%	12.4%	2.7%	3.1%	12.0%	10.7%	9.3%	8.2%
STABLE VALUE	17.6%	8.3%	6.4%	2.9%	0.8%	3.7%	2.3%	2.7%	2.3%
REAL RETURN	16.2%	0.2%	1.4%	3.0%	6.4%	5.7%	5.7%	5.4%	5.3%
STRATEGIC PARTNERS	5.0%	19.2%	17.8%	2.9%	1.8%	N/A	N/A	N/A	N/A
Total Endowments	100%	10.5%	9.8%	2.8%	3.2%	9.4%	8.3%	7.7%	6.7%
Excess Return		0.7%		-0.4%		1.1%		1.0%	
Sharpe Ratio		0.9	0.8	-0.1	0.0	0.9	0.8	0.9	0.8
Dollar Value Added (In Billions)		\$0.4		-\$0.9		\$2.7		\$4.8	

Figure 3



FORGING A STRONGER FUTURE

UTIMCO generates superior long-term investment returns to support The University of Texas and Texas A&M University Systems as they provide world-class teaching, push the boundaries of discovery, and achieve excellence in patient healthcare for the people of Texas and beyond.



2024
Endowment
Distributions
Totalled

\$**2.9**
BILLION
TO SUPPORT

WHO BENEFITS FROM THE ENDOWMENTS

15 ACADEMIC INSTITUTIONS

6 HEALTHCARE INSTITUTIONS

400,000 TOTAL STUDENTS

THE UNIVERSITY OF TEXAS SYSTEM
9 Academic Institutions
5 Health Institutions

THE TEXAS A&M UNIVERSITY SYSTEM
6 Academic Institutions
1 Health Institution
6 Agencies

WORLD-CLASS EDUCATION

- UTIMCO serves over 400,000 students across 15 academic institutions
- 100,000+ first generation college students
- 107,000 Pell Grant Recipients, representing 37% of undergraduates

RESEARCH & DISCOVERY

- Over \$4.5B in research expenditures annually
- A new invention every 10 hours
- Five new patents every week
- A new company formed every eight days

HEALTHCARE

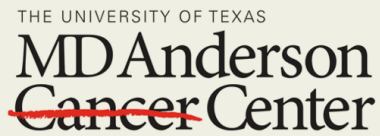
- Care for over 2.7 million patients each year
- Life-changing and life-saving research
- 6 health institutions, training the next generation of practitioners
- MD Anderson is ranked #1 for cancer care in the United States

TOGETHER, WE ARE FORGING A STRONGER FUTURE

ENDOWMENTS MANAGED BY UTIMCO ARE THE CORNERSTONE OF INNOVATION, EDUCATION, AND HEALTHCARE FOR THE UNIVERSITY OF TEXAS AND TEXAS A&M UNIVERSITY SYSTEMS.

These investments fuel groundbreaking research, provide access to world-class education, and support life-changing healthcare initiatives. From advancing discovery with a new invention every 10 hours to transforming lives through scholarships for first-generation college students, the impact of these endowments reaches far beyond the borders of Texas.

Each story featured here illustrates how the endowments drive excellence, support students, and build stronger communities. Together, they are forging a future where opportunity, innovation, and impact know no bounds.



MD ANDERSON CANCER CENTER

The late Michael Frumovitz, M.D., dedicated more than 20 years of service to The University of Texas MD Anderson Cancer Center, most recently serving as chief patient experience officer and professor in Gynecologic Oncology and Reproductive Medicine. He was open about his diagnosis of pancreatic cancer and how his personal experience as a patient profoundly shaped his work. After his death in July 2024, MD Anderson honored his legacy as a trailblazing researcher and educator in the field of rare gynecologic cancers by establishing the Michael Frumovitz, M.D., Endowment for Gynecologic Rare Tumors.



This fund supports clinical research and translational studies, medical education and lectures, physician trainings, and a strong, accessible rare tumor research-based registry. By enriching the research and educational experiences within the Department of Gynecologic Oncology and Reproductive Medicine, the fund enables MD Anderson to continue making meaningful advances in the study of rare gynecologic cancers.



UNIVERSITY OF TEXAS AT DALLAS

Endowed funds play a critical role helping UT Dallas attract the best and brightest students, transform lives through research and enhance the arts on campus. In recent years, significant gifts accelerated the construction of the Edith and Peter O'Donnell Jr. Athenaeum, a new cultural district for North Texas on the UT Dallas campus.

Several endowments will provide programmatic funding and collection support to help students, faculty and visitors enjoy the O'Donnell Athenaeum's resources for generations to come. Distributions from the UT Dallas endowment have also been



The Edith and Peter O'Donnell Jr. Athenaeum, which opened the doors on the Phase I museum building on Sept. 24, 2024, is supported by a \$10 million endowment for programmatic funding from the O'Donnell Foundation.

used to recruit and retain top students and faculty through scholarships, fellowships, professorships, distinguished chairs and early career faculty awards.



THE UNIVERSITY OF TEXAS AT ARLINGTON

At The University of Texas at Arlington, scholarship support from our endowments has enabled us to attract and retain a talented and hardworking student body. UTA was designated as a Hispanic Serving Institution and an Asian American Native American Pacific Islander-Serving Institution by the U.S. Department of Education and in 2022 was one of just six institutions nationwide to earn the Seal of Excelencia for its commitment to accelerating Latino student success.

The University ranks No. 2 nationally in Military Times' annual "Best for Vets: Colleges" list and No. 3 in Texas for advancing

social mobility (U.S. News & World Report, 2024). Endowment support has also helped UTA attract outstanding faculty and demonstrate the highest levels of research and academic excellence, exemplified by our consistent reaffirmation as a Carnegie R-1 "Very High Research Activity" institution, a significant milestone of excellence.





GREG ARNOLD CENTER FOR ENTREPRENEURSHIP

The Arnold Center for Entrepreneurship (ACE) offers collaboration among a variety of academic disciplines and new avenues for partnership with businesses and industry throughout the state. ACE helps SFA students develop the skills to create successful businesses of their own while also assisting East Texans and SFA alumni in building and sustaining their businesses. The Center is named for Greg Arnold of Dallas, who received a BBA majoring in Marketing



from SFA. Arnold is CEO of TAC – The Arnold Companies, a multi-business company build on a foundation of wholesale petroleum distribution and aviation services.



THE UNIVERSITY OF TEXAS AT SAN ANTONIO

The University of Texas at San Antonio’s endowment impacts all areas of the university. In FY24, UTSA benefitted from 626 endowments, with a total market value of \$315 million. The university received \$12.6 million in investment distributions from these endowments, funding scholarships, fellowships, faculty positions, and various programs. Thanks to the generous contributions from alumni and supporters, 20 new endowments were created. This crucial support created remarkable opportunities for student success, groundbreaking research, and positioned UTSA to become a world class university.



TEXAS A&M UNIVERSITY-SAN ANTONIO

Public Health and Education Building.

Texas A&M University-San Antonio is advancing its mission to address health inequities with the \$55 million Public Health and Education Building, partially funded by \$10 million from the Permanent University Fund (PUF). Spanning 35,500 square feet, this state-of-the-art facility will elevate medical research and education while expanding enrollment in health-focused courses.

Equipped with advanced kinesiology labs and home to the Public Health Genetics and Genomics Laboratory,

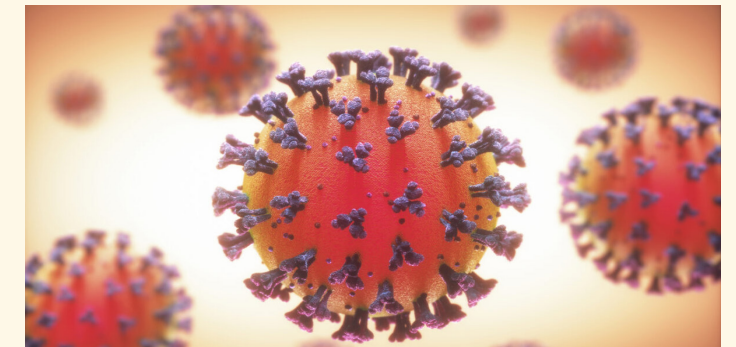


the building is designed to prepare a compassionate and skilled workforce to improve patient care across the region. Chancellor John Sharp underscores its significance, noting that it will empower future public health scientists and educators to confront the critical health disparities impacting South Bexar County.



UNIVERSITY OF TEXAS AT AUSTIN

Generous endowment donors are funding life-changing discoveries as The University of Texas at Austin works to become the highest-impact public research university. Researchers have discovered an antibody able to neutralize all known variants of SARS-CoV-2, the virus that causes COVID-19. As part of a new study, the multi-institution research team led by UT Austin discovered and isolated an antibody, called SC27, from a single patient. The discovery of SC27 will help us better protect the population against current and future COVID variants.



The co-leaders of the research are Will Voss (a 2024 Ph.D. College of Natural Sciences graduate who was a student when the antibody was discovered) and Jason Lavinder (a research assistant professor in the Cockrell School of Engineering). Multiple endowments supported the interdisciplinary work, including those benefitting the College of Natural Sciences and the Cockrell School of Engineering.



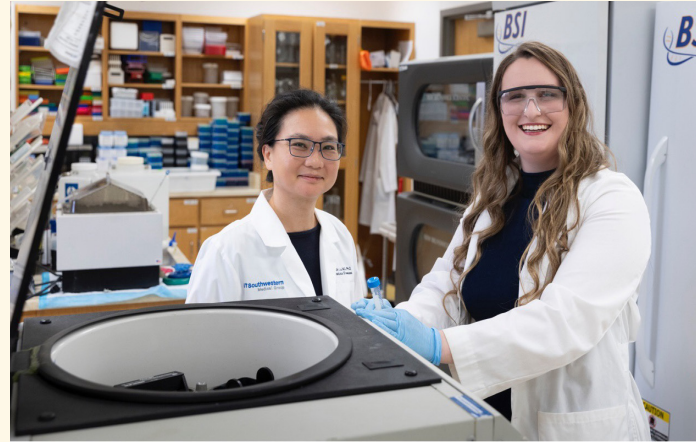
THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER

The Impact of the Perot Family Endowment on UT Southwestern's Medical Scientist Training Program

The transformative endowment from the Perot family, The Perot Foundation, and The Sarah and Ross Perot, Jr. Foundation has set a powerful course for the future of UT Southwestern's Medical Scientist Training Program (MSTP). As one of the nation's premier M.D./Ph.D. programs, the MSTP equips graduates with the expertise to bridge scientific research and clinical care, addressing critical gaps in healthcare and advancing medical discoveries.

This endowment funds the Perot Family Scholars program, providing a permanent foundation for future generations of physician-scientists. It strengthens UT Southwestern's role as a national leader in training top-level M.D./Ph.D. students while addressing the national decline in fully trained physician-scientists.

Since its inception, the MSTP has produced nearly 300 graduates, many of whom have become leaders at prestigious institutions, driving innovation in biomedical research and



clinical medicine. The Perot family's sustained support has expanded opportunities within the program, enhancing its curriculum and broadening the scope of disciplines available to students, including cutting-edge fields like computational biology and data science.

Beyond growing the program, the Perot family's endowment honors a legacy of visionary investment in academic medicine. By fostering a new generation of physician-scientists, the endowment ensures that UT Southwestern remains at the forefront of medical innovation, preparing leaders poised to make groundbreaking discoveries that will transform healthcare worldwide. In doing so, the Perot family is truly forging a strong and lasting future for both the institution and the broader medical community.

is also a student worker in the Soules College's Office of the Soules College of Business, Dr. Krist Swimerbge.



THE UNIVERSITY OF TEXAS AT TYLER

Dr. Kerri Camp is Professor of Marketing in the Soules College of Business at UT Tyler. She and her husband, Danny, are the creators of the Kerri and Danny Camp Scholarship Fund which benefits students majoring in Marketing at UT Tyler.

Ms. Abby Thomas is the Camp's current scholarship recipient. She is a graduate of Lindale High School (Lindale, Tx) and is currently a Junior majoring in Marketing. In addition, Abby



THE UNIVERSITY OF TEXAS AT EL PASO

At UTEP, the funds from the Schellenger Professorship in Electrical Research endowment have enabled Raymond Rumpf, Ph.D., to build one of the largest and most successful research groups on campus that is not a center. Over the last year, the funds from the professorship endowment have been used to expand the group's lab into a larger facility and train the next generation of students to get them started on cutting-edge research in a short amount of time. This includes training on hybrid 3D printing machines as well as computational electromagnetics. Specific projects include exploration of bianisotropy and



producing designs using artificial intelligence and machine learning. Dr. Rumpf's lab has provided many students with opportunities to participate in research that is bold and ambitious enough to make them pioneers and leaders in their field.



THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON

In FY24, the generosity of our donors led to the establishment of 35 new endowments, bringing UTHealth Houston's total to 923. These contributions supported the creation of eight endowed professorships and chairs to attract and retain distinguished faculty; 13 dedicated funds to advance innovative research, impactful programs, and community outreach initiatives; and 14 scholarships and fellowships to train future health professionals.

Endowments like these provide essential resources that drive innovative health research, support the purchase of critical equipment, enrich the academic experience for our students, and strengthen programs that serve vulnerable populations. They create a lasting foundation that empowers UTHealth Houston to fulfill its mission and improve the health and well-being of the communities we serve.



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**FORGING A
STRONGER
FUTURE**



THE UNIVERSITY OF TEXAS/TEXAS A&M
Investment Management Company

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